Financial Services
Commission
of Ontario

ANNUAL REPORT

FINANCIAL SERVICES COMMISSION OF ONTARIO

2013–14

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MESSAGE FROM THE CHAIR AND THE CHIEF EXECUTIVE OFFICER

WE ARE PLEASED TO PRESENT THE 2013–14 ANNUAL REPORT of the Financial Services Commission of Ontario (FSCO) which reports on FSCO's activities over the 12 months ending March 31, 2014.

The sectors regulated by FSCO are vital to Ontario's economy. Insurance is a $43 billion a year business in Ontario, supporting families and businesses in managing risk. The province's pension plans generate retirement income through assets valued at $474.2 billion and have 3.9 million members including retirees. Credit unions and caisses populaires hold assets totalling more than $39 billion and provide savings, loans and other financial services to almost 1.6 million Ontarians.

Environment

Throughout 2013, Ontario's economy remained relatively stable and resilient. While a better year for pension plans, concerns for the security of the province's retirement income system prompted the Ontario government to signal an intention to proceed with an alternative to enhancing the Canada Pension Plan for Ontario workers.

Tackling fraud and maintaining affordability in Ontario's auto insurance system remains a government focus. FSCO continues to assist the government to implement changes designed to curb system abuse and reduce auto insurance rates for Ontario drivers.

Increasingly, Ontario financial services businesses are operating within large, interconnected networks. FSCO recognizes the trend and is well positioned to deal with marketplace activity and product development that is just as likely to be influenced by global events as by local realities.

Regulatory Framework

During the year, FSCO published its Regulatory Framework which details the core regulatory activities of the organization along with the principles that guide our work. The framework explains the roles and responsibilities of FSCO within the Canadian regulatory environment for financial services, our approach in fulfilling them, and articulates our expectations of those we regulate.

Risk-Based Supervision

FSCO uses a risk-based approach to regulating and focuses its resources on matters representing the greatest risk to consumers and pension plan members.

In 2013–14, FSCO continued to conduct organization-wide assessments of processes through the risk-based lens. For example, FSCO began a pilot project for an enhanced course of evaluation of pension plans. FSCO implemented an expanded Risk Indicator Tool that assesses a wider, integrated range of risk factors. Essentially a trigger mechanism, the tool will allow FSCO to perform continuous, progressive and pre-emptive reviews of pension plans.

Preparing to Regulate Service Providers

Part of the government's strategy to achieve reductions in auto insurance rates and help to eliminate fraud is to license and regulate health care facilities that provide medical and rehabilitation services to injured auto accident benefit claimants.

In June 2013, the Prosperous and Fair Ontario Act (Budget Measures), 2013, assigned FSCO the responsibility to license health service providers that invoice automobile insurers through the Health Claims for Auto Insurance system, and to regulate their business and billing practices.

FSCO assisted the Ministry of Finance in laying the foundation for regulating the sector. FSCO also worked to build awareness in the health service provider community of the new licensing and regulatory requirements which will take effect in the fall of 2014.

Upgrading Relationship Management

To support and transform the way it delivers regulatory services, FSCO is developing a web-based information management system that will offer the regulated sectors a centralized, self-service platform for all of their dealings with FSCO. Under the auspices of the Enterprise Development Project, FSCO is implementing technological solutions that will modernize our entire service delivery model over the next several years.

FSCO devoted significant resources in 2013–14 to completing preparations for the licensing of health service providers—the first sector utilizing the new approach.

Auto Insurance

During the year, the Ontario government continued to focus on its Cost and Rate Reduction Strategy that is targeting a 15 percent average auto insurance rate reduction by August 2015.

Also in 2013, FSCO worked with auto insurers to authorize usage based plans, an innovative underwriting approach that can reduce auto insurance rates for safe drivers.

Fraud

In June 2013, FSCO launched the Auto Insurance Fraud Hotline and Web Portal, where Ontarians can report auto insurance fraud.

FSCO also partnered with the Toronto Police Service to launch a series of public service announcements to raise consumer awareness about auto insurance fraud.

High profile convictions and the largest monetary penalties to date against clinics involved in fraudulent billing and practices, and individuals involved in staged auto accidents, focussed public attention on fraud in the auto insurance system.

Dispute Resolution

FSCO worked with an external dispute resolution service provider to eliminate the mediation backlog for Statutory Accident Benefits Schedule cases by August 2013. FSCO also implemented changes to its internal process that substantially increased the volume of mediations conducted.

Cunningham Report

FSCO was consulted at length by the Honourable J. Douglas Cunningham and contributed to the research supporting his report, Ontario Automobile Insurance Dispute Resolution System Review, delivered to the Minister of Finance in February 2014.

The report included a recommendation to establish a new dispute resolution system as a public sector tribunal. In early March 2014, the government introduced Bill 171 which included legislative amendments to achieve the recommendations, including transferring FSCO's dispute resolution services system to the Ministry of the Attorney General's Licence Appeal Tribunal.

2011 Value-for-Money Audit

The Auditor General's December 2013 Follow-up on the 2011 Value-for-Money Audit noted that FSCO is on track in addressing recommendations related to auto insurance regulatory oversight, with significant progress made on most. There were no further recommendations from the Auditor General.

Updating Pension Framework

FSCO released new instructions to facilitate asset transfers and the use of Letters of Credit—two substantive legislative changes that update the pension framework.

FSCO publications on Asset Transfers provide guidance on the new rules effective January 1, 2014, for the transfer of assets between pension plans due to the sale or other disposition of a business, or pension plan mergers.

FSCO also put into place processes and procedures for Letters of Credit, which employers may use in certain circumstances, to secure solvency payments due after January 1, 2013.

Access to Retirement Funds

In January 2014, FSCO and the Ministry of Finance completed the transition of the financial hardship unlocking program to financial institutions. The move fulfilled a government commitment to make it easier for people who need to access their locked-in retirement funds.

E-filing

Electronic filing through FSCO's Pension Services Portal became mandatory on January 1, 2013. Pension plan administrators use the portal to submit prescribed filings, filing extension requests and re-filing requests to FSCO.

The first full year of data indicated that for most filings, compliance rates were above 90 percent. FSCO is committed to achieving 100 percent compliance as stakeholders become accustomed to using e-filing and as FSCO continues to upgrade the portal.

Statutory Reviews

During the year, FSCO initiated a three-year review of auto insurance, inviting consumers and stakeholders to make submissions on improving stability, sustainability and competition in the auto insurance system. A report on the review will be delivered to the minister in 2014–15.

FSCO also assisted the Ministry of Finance in supporting a review by the Parliamentary Assistant of the Mortgage Brokerages, Lenders and Administrators Act, 2006. The review included public consultations and stakeholder roundtables on proposals to strengthen the act.

Fostering National Regulatory Coordination

It is increasingly important for Canadian regulators to work together to address issues that are common to jurisdictions across Canada. To this end, FSCO promotes and plays an important part in coordinating regulatory efforts at a national level through membership in several national organizations of regulators.

During the year, FSCO played a leadership role in the implementation of the Canadian Insurance Regulators Disciplinary Actions database which provides centralized and up-to-date information about intermediaries and businesses that have been disciplined by Canadian insurance regulators. A joint initiative of the Canadian Insurance Services Regulatory Organizations and the Canadian Council of Insurance Regulators (CCIR), the database is a single, online point of access for consumers and industry participants to obtain information about enforcement decisions across jurisdictions.

In 2013–14, FSCO actively participated in multiple national regulatory organizations including the CCIR, the Canadian Association of Pension Supervisory Authorities, the Canadian Automobile Insurance Rate Regulators Association, the General Insurance Statistical Agency, the Mortgage Broker Regulators' Council of Canada and the Joint Forum of Financial Market Regulators.

Continued support for effective national regulatory coordination will be a feature of FSCO's regulatory efforts in coming years.

Partnership and Dialogue

Since its inception, FSCO has promoted and thrived on its partnership and dialogue with stakeholders—from the financial services industry participants to the consumers and pension plan beneficiaries who rely on it.

We thank the many individuals and organizations who contributed time and effort to FSCO's initiatives during the last year. Their input was essential to helping us keep the system in step with marketplace changes and achieve our objectives.

We also thank FSCO's employees. Their dedication and commitment to excellence in public service are our most valuable assets.

John M. Solursh
Chair, Financial Services Commission of Ontario

Chair, Financial Services Tribunal

Philip Howell
Chief Executive Officer and Superintendent of Financial Services

Financial Services Commission of Ontario

ABOUT THE FINANCIAL SERVICES COMMISSION OF ONTARIO

THE FINANCIAL SERVICES COMMISSION OF ONTARIO (FSCO) is a regulatory agency accountable to the Minister of Finance, established by the Financial Services Commission of Ontario Act, 1997 (FSCO Act). FSCO oversees insurance, pension plans, mortgage brokering, credit unions and caisses populaires, co-operative corporations, and loan and trust companies in Ontario.

FSCO has a legislative mandate to provide regulatory services that protect the public interest and enhance public confidence in the sectors it regulates. As an organization, FSCO is committed to being a progressive and fair regulator, supporting a healthy and competitive financial services marketplace.

Who We Regulate

As of March 31, 2014, FSCO regulated or registered:

- 343 insurance companies
- 7,316 pension plans
- 122 credit unions and caisses populaires
- 52 loan and trust corporations
- 1,172 mortgage brokerages
- 2,406 mortgage brokers
- 7,959 mortgage agents
- 113 mortgage administrators
- 1,775 co-operative corporations
- 48,213 insurance agents
- 5,145 corporate insurance agencies
- 1,844 insurance adjusters

Relevant Statutes

- Financial Services Commission of Ontario Act, 1997
- Automobile Insurance Rate Stabilization Act, 2003
- Insurance Act
- Compulsory Automobile Insurance Act
- Marine Insurance Act
- Prepaid Hospital and Medical Services Act
- Registered Insurance Brokers Act
- Motor Vehicle Accident Claims Act
- Co-operative Corporations Act
- Credit Unions and Caisses Populaires Act, 1994
- Loan and Trust Corporations Act
- Mortgage Brokerages, Lenders and Administrators Act, 2006
- Pension Benefits Act

Governance and Accountability

FSCO is comprised of a five-member commission, the Superintendent of Financial Services and staff, and the Financial Services Tribunal.

Commission Membership and Purposes

Appointments to the commission are made in accordance with the guidelines established by Ontario's Public Appointments Secretariat.

Members of the Commission

Name	Position	Tenure	
John M. Solursh	Chair	February 25, 2005	August 7, 2014
Elizabeth Shilton	Vice Chair	February 1, 2013	January 31, 2015
Florence A. Holden	Vice Chair	October 2, 2007	September 5, 2017
Tom Golfetto	Director of Arbitrations	May 4, 2009	May 3, 2014
Philip Howell	CEO and Superintendent of Financial Services	August 19, 2009	N/A

The commission meets quarterly and reviews and approves key planning, strategic and accountability documents, including FSCO's Agency Business Plan, Results-based Plan, Risk Mitigation Plan, Statement of Priorities and Annual Report. Commission members are also invited to attend FSCO's Audit and Risk Committee meetings.

FSCO has established a series of on-going internal committees on various policy and operational issues, which play a key role in FSCO's day-to-day activities. Internal steering committees have also been created to guide key projects that involve different units or affect a number of areas within FSCO.

Superintendent and Staff

The Superintendent of Financial Services (Superintendent) administers and enforces the FSCO Act and all other acts that confer powers on or assign duties to the Superintendent. All FSCO staff report directly or indirectly to the Superintendent. FSCO staff, who are public servants under the Public Service of Ontario Act, 2006, perform FSCO's day-to-day work.

Under the FSCO Act, the powers and duties of the Superintendent include:

- generally supervising the regulated sectors;
- administering and enforcing the FSCO Act and every other act that confers powers on or assigns duties to the Superintendent; and
- being responsible for FSCO's financial and administrative affairs.

Financial Services Tribunal

The Financial Services Tribunal (FST) is an expert, independent adjudicative body. The chair and vice-chairs of the FST are also the chairs and vice-chairs of the commission. For more information on the FST, refer to page 21 of the Annual Report.

Governance and Management Processes

The foundation for FSCO's corporate governance is provided by the Management Board of Cabinet's Agency Establishment and Accountability Directive (AEAD) and the Memorandum of Understanding (MOU) between the Minister of Finance, the Chair of the Commission and the Superintendent of Financial Services/Chief Executive Officer.

The AEAD sets out the process for establishing a new agency classified under the directive, the accountability framework governing agencies and ministries in the operation of agencies, and uses a risk-based approach in managing agency accountability.

The MOU outlines the accountability framework between the minister and FSCO, establishes tools for governance and accountability and explains roles, relationships and mutual expectations. The MOU is updated every five years or more often if necessary.

Performance Management Framework

FSCO's Performance Management Framework ensures greater transparency, accountability and value-for-money. It also ensures that FSCO measures performance, focuses on meaningful results, and reports on outcomes.

Financial Reporting

As an Ontario government agency, FSCO receives an annual spending authority through the government planning process, based on needs and government priorities. FSCO files quarterly reports on its spending. The Office of the Auditor General of Ontario audits FSCO's annual financial statements.

Fiscal and Human Resources

In 2013–14, FSCO's expenditures totalled $87.97 million, up $15.35 million, or 21 percent, from the previous year. The spending increase was due primarily to contracts for the provision of external dispute resolution services.

More information on FSCO's 2013–14 expenditures is contained within the financial statements and notes which appear later in this report.

On March 31, 2014, FSCO had 452 full time staff. This total does not include legal services staff who are employees of the Ministry of the Attorney General.

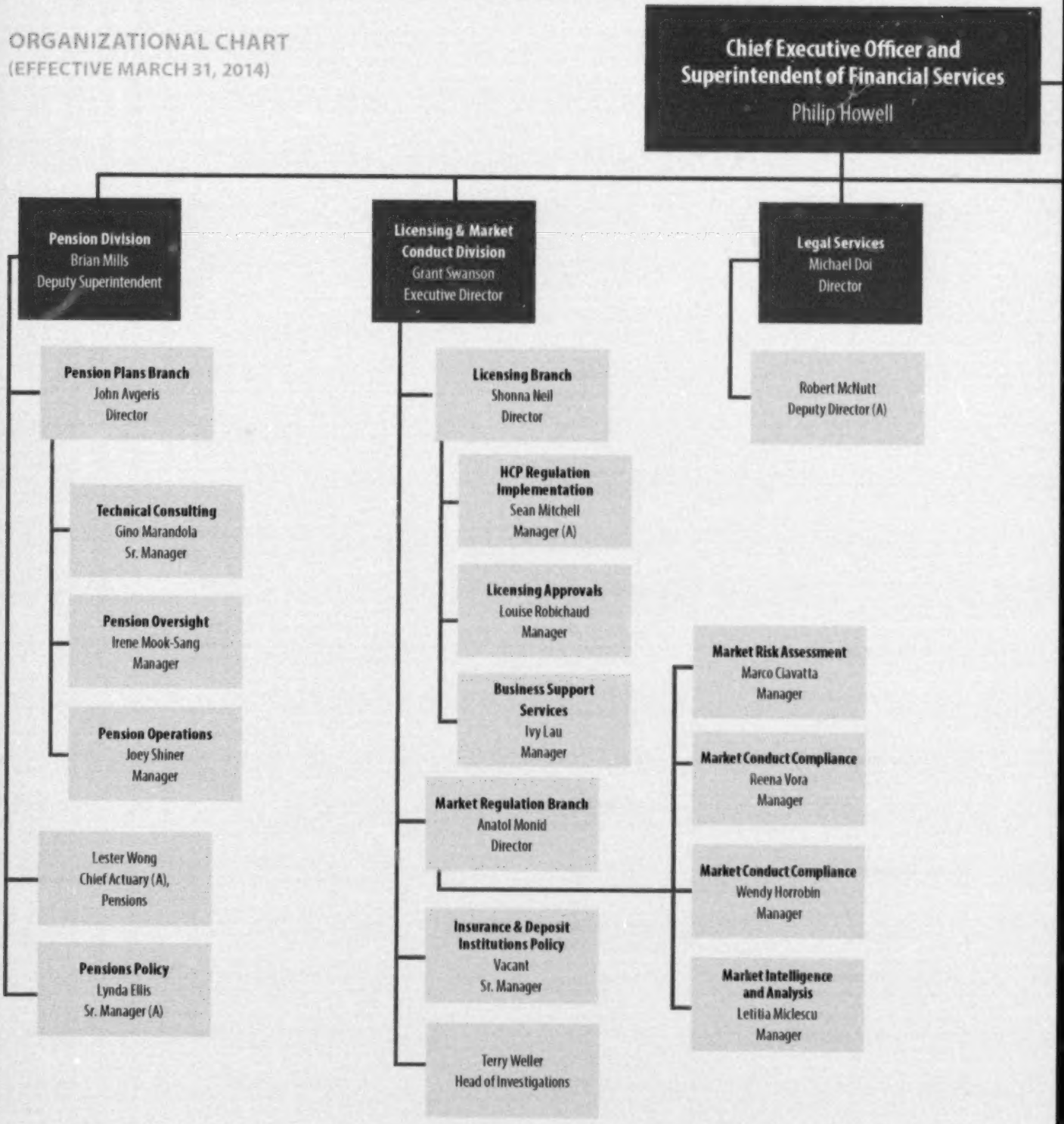
Recovering FSCO's Costs

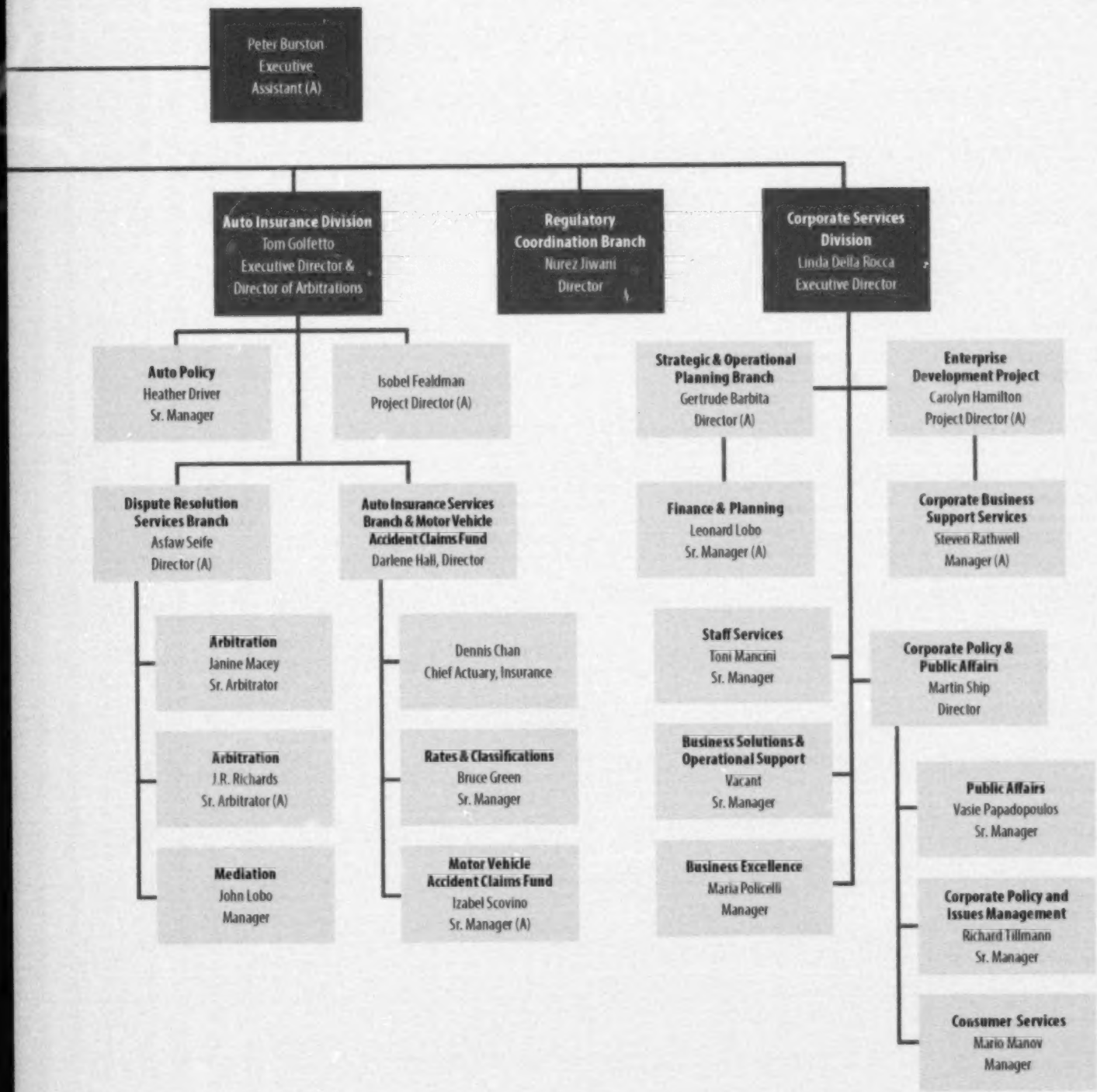
Most of FSCO's costs are recovered from the regulated sectors through a combination of assessments and fees. Under the FSCO Act, the Lieutenant Governor in Council may assess all businesses, individuals and pension plans that form part of a regulated sector with respect to expenditures incurred by the Ministry of Finance, the commission and the FST. The Minister of Finance is authorized to establish fees with respect to the regulated services provided by FSCO.

The government supports co-operative corporations by providing an allocation of $500,000 to help cover the costs of administering the sector.

FINANCIAL SERVICES COMMISSION OF ONTARIO

ORGANIZATIONAL CHART
(EFFECTIVE MARCH 31, 2014)




Peter Burston
Executive Assistant (A)
Auto Insurance Division
Tom Golfetto
Executive Director & Director of Arbitrations
Regulatory Coordination Branch
Nurez Jiwani
Director
Corporate Services Division
Linda Della Rocca
Executive Director
Auto Policy
Heather Driver
Sr. Manager
Isobel Fealdman
Project Director (A)
Strategic & Operational Planning Branch
Gertrude Barbita
Director (A)
Enterprise Development Project
Carolyn Hamilton
Project Director (A)
Dispute Resolution Services Branch
Asfaw Seife
Director (A)
Auto Insurance Services Branch & Motor Vehicle Accident Claims Fund
Darlene Hall, Director
Finance & Planning
Leonard Lobo
Sr. Manager (A)
Corporate Business Support Services
Steven Rathwell
Manager (A)
Arbitration
Janine Macey
Sr. Arbitrator
Dennis Chan
Chief Actuary, Insurance
Staff Services
Toni Mancini
Sr. Manager
Corporate Policy & Public Affairs
Martin Ship
Director
Arbitration
J.R. Richards
Sr. Arbitrator (A)
Rates & Classifications
Bruce Green
Sr. Manager
Business Solutions & Operational Support
Vacant
Sr. Manager
Public Affairs
Vasie Papadopoulos
Sr. Manager
Mediation
John Lobo
Manager
Motor Vehicle Accident Claims Fund
Izabel Scovino
Sr. Manager (A)
Business Excellence
Maria Policelli
Manager
Corporate Policy and Issues Management
Richard Tillmann
Sr. Manager
Consumer Services
Mario Manov
Manager

THE REGULATED SECTORS IN PROFILE

TOGETHER, THE FINANCIAL SERVICES sectors regulated by FSCO represent a large, dynamic industry that underpins Ontario's economy and quality of life. The industry delivers products and services that support the financial security of individuals and families and the financial stability of businesses and other organizations.

PENSION PLANS

FSCO regulates the following types of pension plans registered in Ontario:

- Defined benefit plans, which provide a pre-determined level of benefits during retirement;
- Defined contribution plans, which provide benefit payments based on the amount of pension that can be purchased with the accumulated contributions, plus investment returns;
- Multi-employer pension plans (MEPPs), which allow two or more unrelated employers to contribute to a single pension fund and recognize a member's service with all participating employers when determining benefits. MEPPs have usually been established in industries or trades where workers change employers frequently but have a common union affiliation (for example, carpenters or painters). The benefits provided under a MEPP can be either defined benefit or defined contribution. While most MEPPs have been created through collective agreements, some have been established by statute or municipal by-law. In MEPPs created through collective agreements that provide defined benefits, the defined benefits may be reduced if there are funding shortfalls.
- Jointly sponsored pension plans (JSPPs) are pension plans where the employer (or employers) and the members jointly share responsibility for the plan, including plan governance and the funding of any deficits as they arise. JSPPs can be either single employer or multi-employer plans. Currently, most JSPPs are very large public sector plans, such as those for teachers or municipal workers.

Some defined benefit plans are hybrid plans combining defined benefit and defined contribution provisions, or providing the greater of a defined benefit or defined contribution provision.

Employment pension plans registered in Ontario must meet minimum standards for administration and funding under the Pension Benefits Act and regulations. FSCO monitors and enforces compliance with the legislation and regulations and advises the government on pension issues. As well, FSCO administers the Pension Benefits Guarantee Fund that protects a minimum level of benefits in most private single employer defined benefit plans if the employer is insolvent.

Ontario-Registered Active Pension Plans and Membership

Pension Plan Type	As of March 31, 2014		As of March 31, 2013	
	Number	Percentage of Total	Number	Percentage of Total
Single Employer Plans*	7,188	98	7,396	98
Defined Benefit Plans*	4,097	56	4,241	56
Members**	1,344,000	34	1,343,000	35
• Active Members***	676,000	31	684,000	32
• Retired Members, Deferred Members and Other Beneficiaries****	668,000	38	659,000	39
Defined Contribution Plans*	3,091	42	3,155	42
Members**	435,000	11	403,000	11
• Active Members***	368,000	16	345,000	16
• Retired Members, Deferred Members and Other Beneficiaries****	67,000	4	58,000	3

Ontario-Registered Active Pension Plans and Membership				
Pension Plan Type	As of March 31, 2014		As of March 31, 2013	
	Number	Percentage of Total	Number	Percentage of Total
Multi-Employer Plans*	118	2	118	2
Defined Benefit Plans*	78	1	77	1
Members**	860,000	22	836,000	22
• Active Members***	382,000	17	367,000	17
• Retired Members, Deferred Members and Other Beneficiaries****	478,000	27	469,000	28
Defined Contribution Plans*	40	1	41	1
Members**	80,000	2	62,000	0
• Active Members***	53,000	2	38,000	2
• Retired Members, Deferred Members and Other Beneficiaries****	27,000	2	24,000	1
Jointly Sponsored Plans*	10	0	10	0
Defined Benefit Plans*	10	0	10	0
Members**	1,223,000	31	1,199,000	32
• Active Members***	706,000	32	701,000	33
• Retired Members, Deferred Members and Other Beneficiaries****	517,000	29	498,000	29
Total Pension Plans*	7,316	100	7,524	100
Total Members**	3,942,000	100	3,843,000	100
• Active Members***	2,185,000	100	2,133,000	100
• Retired Members, Deferred Members and Other Beneficiaries****	1,757,000	100	1,709,000	100

** Percentages are expressed as a percentage of the total number of Plans.*

*** Percentages are expressed as a percentage of the total number of Members in all Plans.*

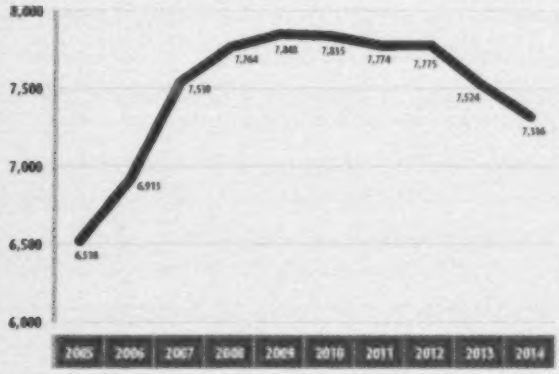
**** Percentages are expressed as a percentage of the total number of Active Members in all Plans.*

***** Percentages are expressed as a percentage of the total number of Retired Members, Deferred Members and Other Beneficiaries in all Plans.*

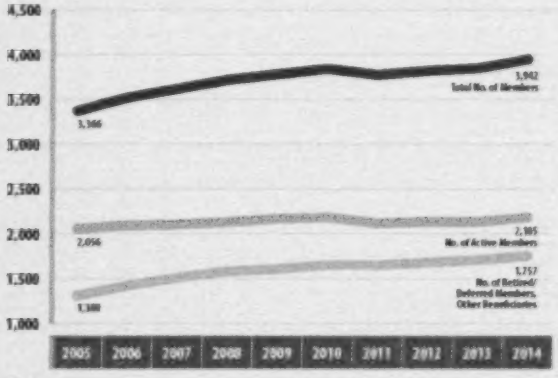
Notes:

1. *Membership numbers rounded to the nearest thousand.*
2. *Percentages may not add up due to rounding.*
3. *Data on defined benefit plans includes hybrid/combination plans with both defined benefit and defined contribution components.*
4. *Percentages for JSPPs are reported as zero as they represent less than 0.1%.*

Total Number of Ontario Pension Plans, 2005–2014



Ontario Pension Plan Membership (in 000s), 2005–2014



Pension Plan Transactions Processed by FSCO

Under the Pension Benefits Act, the Superintendent of Financial Services makes regulatory decisions on various pension plan transactions, from initial registration to full wind-up. The following table lists key plan transactions dealt with by FSCO.

Transaction Type	2013–14	2012–13
New Plans Registered		
Single Employer Plans		
• Defined Benefit	93	113
• Defined Contribution	41	55
Multi-Employer Plans		
• Defined Benefit	1	–
• Defined Contribution	2	–
Total	**137**	**168**
Plan Amendments Registered	**2,928**	**2,184**
Full Wind-Ups Processed		
Single Employer Plans		
• Defined Benefit	218	209
• Defined Contribution	101	111
Multi-Employer Plans		
• Defined Contribution	–	1
Total	**319**	**320**
Partial Wind-Ups Processed		
Single Employer Plans		
• Defined Benefit	7	26
• Defined Contribution	2	17
Multi-Employer Plans		
• Defined Benefit	–	4
• Defined Contribution	–	8
Total	**9**	**55**
Plan Mergers/Asset Transfers Processed		
Single Employer Plans		
• Defined Benefit	15	24
• Defined Contribution	31	43
Multi-Employer Plans		
• Defined Benefit	–	1
• Defined Contribution	6	–
Jointly Sponsored Plans		
• Defined Benefit	–	–
• Defined Contribution	–	–
Total	**52**	**69**
Surplus Refunds to Employers on Full Wind-Up Applications Processed		
Single Employer Plans		
• Defined Benefit	5	2
• Defined Contribution	–	–
Total	**5**	**2**
Surplus Refunds to Employers on Partial Wind-Up Applications Processed		
Single Employer Plans		
• Defined Benefit	7	5
Total	**7**	**5**

On-site Examination Program

FSCO performs on-site examinations of pension plans which are selected through the risk-based funding and investment monitoring programs, as well as on the basis of risk profiles in FSCO's pension plans database.

In addition to identifying areas of non-compliance, FSCO commonly issues recommendations at the conclusion of an examination to strengthen the alignment of plans' administrative and governance practices with generally accepted industry best practices. This year, FSCO undertook examinations of 50 plans. The results are summarized in the tables below.

Pension Plans Examined	2013–14	2012–13
Single Employer Plans		
Defined Benefit	25	33
Defined Contribution	3	3
Defined Benefit/Defined Contribution Hybrid	20	11
Multi-Employer Plans		
Defined Benefit	2	1
Defined Contribution	–	1
Jointly Sponsored Plans		
Defined Benefit	–	1
Total	**50**	**50**

	2013–14		2012–13	
Common Examination Compliance Findings	Number of Plans	% of Plans Examined	Number of Plans	% of Plans Examined
Disclosure on member benefit statements deficient	30	60	16	32
Statement of Investment Policies & Procedures out of date	23	46	12	24
Regulatory filing deadlines not met	16	32	17	34
Incorrect information reported in statutory filings	12	24	25	50
Statement of Investment Policies & Procedures not compliant	10	20	9	18
Member benefit statements issued late	8	16	12	24
Current trust agreement not registered with FSCO	6	12	7	14
Plan member information booklet out of date	5	10	9	18

Financial Hardship Unlocking

Funds transferred from a registered pension plan to a locked-in account can normally be used only for retirement income. Until January 1, 2014, the Superintendent of Financial Services granted consent to account holders of locked-in accounts in cases of financial hardship.

Financial Hardship Unlocking Applications Processed by FSCO	
2013–14	2012–13
11,867	14,068

In 2013, the government made regulatory changes under the Pension Benefits Act to align FSCO's financial hardship unlocking program for pensions with other special provisions for access to locked-in accounts. As of January 1, 2014, applications to unlock money must be made to the financial institution that holds the locked-in account and sets out the criteria for making such an application. On March 31, 2014, FSCO's Financial Hardship Unlocking program was officially closed.

Pension Benefits Guarantee Fund

The Pension Benefits Guarantee Fund (PBGF) protects a minimum level of benefits for Ontario members and beneficiaries of most single employer defined benefit pension plans, should the plan sponsor become insolvent. The Superintendent of Financial Services is responsible for the administration of the PBGF, which is established under the Pension Benefits Act.

Pension plans with guaranteed benefits pay an assessment into the PBGF. The total liability of the PBGF is limited to the assets of the fund, including any loans or grants received from the province. The Office of the Auditor General of Ontario audits the PBGF's annual financial statements.

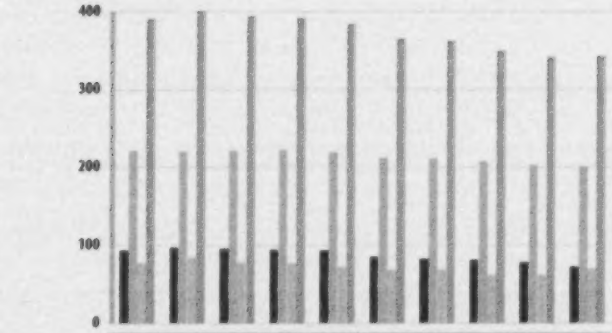
Pension Benefits Guarantee Fund Claims Paid by FSCO		
	2013–14	2012–13
Number of Pension Plan Claims	9	19
Total Amount Paid	$46,354,529	$42,599,200

INSURANCE

Most insurance business in Ontario is conducted by federally incorporated companies that are subject to prudential regulation by the federal Office of the Superintendent of Financial Institutions (OSFI).

Prudential regulation of provincially-incorporated insurance companies licensed to conduct business in Ontario is overseen by the regulators for the provinces in which they are incorporated. The number of Ontario-incorporated insurance companies has been steadily declining. Over the past few years, a number of Ontario-incorporated insurers have ceased operations or continued under federal or Quebec law for operational or strategic reasons. FSCO's focus in regulating insurance companies is on market conduct reviews.

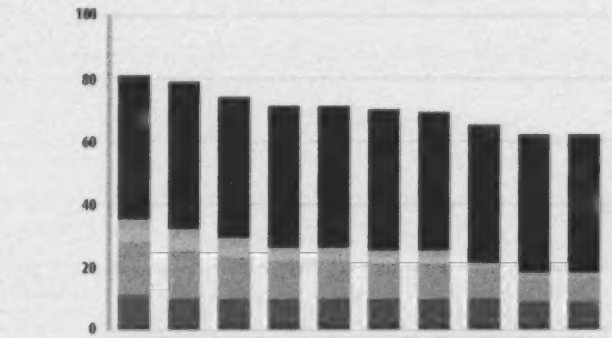
Insurance Companies in Ontario, 2005–2014
Number as of March 31



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Life	93	97	95	94	93	85	82	81	78	72
Property & Casualty	221	220	221	222	219	212	212	207	202	201
Other	77	84	78	76	72	68	68	62	62	70
Total	391	401	394	392	384	365	362	350	342	343

Note: Includes reciprocal insurance exchanges

Insurers Incorporated or Formed under Ontario Law
2005–2014
Number as of March 31

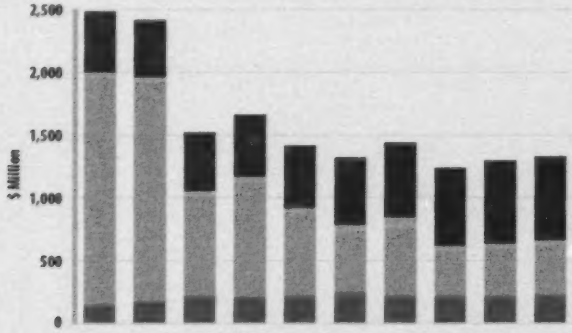


	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Farm Mutuals	46	47	45	45	45	45	44	44	44	44
Fraternals	3	3	3	2	2	2	2	2	2	2
Life	4	4	3	2	2	2	2	0	0	0
P&C	17	15	13	12	12	11	11	9	7	7
Reciprocals	9	8	8	8	8	8	8	8	7	7
Reinsurers	2	2	2	2	2	2	2	2	2	2

Direct Written Insurance Premiums in Ontario
2004–2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Life	13.3	15.8	16.2	17.1	18.1	19.5	19.5	19.8	19.5	20.6
Property & Casualty	17.1	17.1	17.3	18.0	17.6	18.3	20.0	21.9	21.5	21.9
Other	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.4	0.4	0.3
Total	30.7	33.2	33.9	35.5	36.1	38.3	40.0	42.1	41.4	42.8

Insurers Incorporated or Formed under Ontario Law
Direct Written Insurance Premiums, 2004–2013



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Farm Mutuals	486.2	461.2	466.9	493.9	499.9	537.0	598.6	623.7	663.1	667.1
Fraternals	32.8	30.5	32.4	33.1	29.6	49.4	72.3	33.7	33.2	37.1
Life	6.2	5.8	4.9	4.6	4.3	4.1	4.5	–	–	–
Property & Casualty	1,808.6	1,741.5	795.8	920.2	662.1	484.6	546.6	361.0	383.8	402.1
Reciprocals	145.0	174.7	215.3	204.5	215.1	242.7	214.2	214.8	211.0	219.4

The Registered Insurance Brokers of Ontario

The Registered Insurance Brokers of Ontario (RIBO) is a self-governing, self-supporting organization of general insurance brokers in Ontario that administers the Registered Insurance Brokers Act. It regulates the licensing, professional competence, ethical conduct and insurance related financial obligations of all general insurance brokers in the province of Ontario. In Ontario, FSCO licenses general insurance agents while RIBO licenses persons employed by insurance brokers. The Superintendent has the responsibility to ensure that RIBO is fulfilling its regulatory responsibilities, and conducts an annual examination of its affairs and reports the results to the minister. For more information, visit RIBO's website.

AUTO INSURANCE

Automobile insurance is compulsory for drivers in Ontario. FSCO reviews and approves automobile insurance rates, risk classification systems and underwriting rules, as well as policy endorsements, forms and rate manuals. FSCO also advises the government on the need for changes to auto insurance legislation and regulations, and works with stakeholders to improve the system's operation.

Automobile Insurance Filings Processed

Type	2013–14	2012–13
Private Passenger Auto Rate Filings		
Major	57	36
Simplified*	4	21
CLEAR**	55	45
Fees***	10	–
Total	**126**	**102**
Non-Private Passenger Auto Rate Filings**	61	35
Underwriting Rule Filings	30	35
Endorsement Filings	39	36
Form Filings	51	20
Rate Manual Filings	129	140

** Insurers may submit a simplified filing where certain criteria, including a rate reduction proposal, are met. Only summary information is required in a simplified filing, whereas a major filing requires detailed actuarial information.*

*** The Canadian Loss Experience Automobile Rating (CLEAR) system groups vehicles according to their actual claims experience. Almost all companies that write PPA policies use CLEAR. FSCO approved the 2013 CLEAR tables and issued updated CLEAR filing guidelines in August, 2013. Insurers were required to submit CLEAR filings by September 13, 2013.*

**** Fee Filings are submitted when the company is proposing to make changes to fees or add new ones.*

***** 61 Non-Auto Reform Non-PPA rate filings for 2013–14 include 13 Fees filings.*

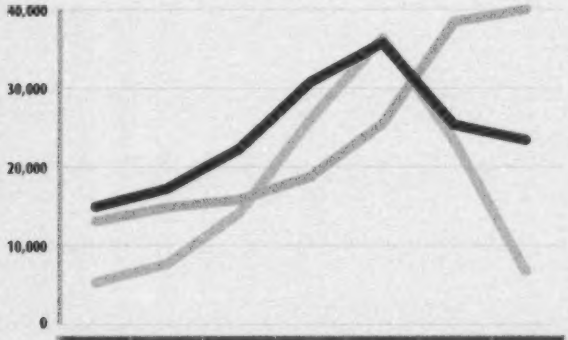
Dispute Resolution Services Activities

FSCO's dispute resolution services are an integral part of Ontario's no-fault automobile insurance system. Mediation is compulsory where a claimant and insurer disagree about entitlement to statutory accident benefits or the amount of benefits. If mediation fails, the claimant can apply for arbitration at FSCO or either party may take the matter to court.

In addition to mediation and arbitration services, FSCO also offers neutral evaluation, appeal of arbitration orders on a point of law, and variation or revocation of an arbitration order under a defined set of circumstances.

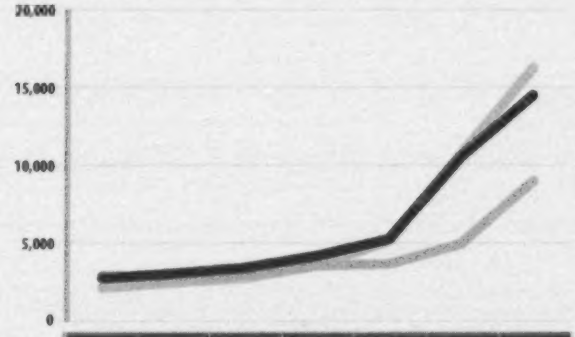
Dispute Resolution Services Activity	2013–14	2012–13
Mediation		
New Applications Received	23,366	25,317
Cases Closed	39,980	38,434
Settlement Rate – Full	41%	51%
Settlement Rate – Partial	8%	6%
Arbitration		
New Applications Received	14,472	10,511
Cases Closed	8,976	4,961
Settled	8,469	4,670
Decisions Issued	225	187
Appeals		
New Applications Received	41	49
Cases Closed	31	54
Settled	12	14
Decisions Issued	37	68

Mediation – Intake, Closed and Pending, 2008–2014



	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Intake	14,920	17,233	22,219	30,747	35,734	25,317	23,366
Closed	13,094	14,852	15,826	18,762	25,473	38,434	39,980
Pending	5,329	7,728	14,116	26,101	36,360	23,311	6,710

Arbitration – Intake, Closed and Pending, 2008–2014



	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Intake	2,740	3,045	3,422	4,193	5,252	10,511	14,472
Closed	2,912	2,740	2,948	3,563	3,663	4,961	8,976
Pending	2,121	2,463	2,748	3,579	5,174	10,746	16,251

Between 2007 and 2012, an unprecedented increase in applications for mediation resulted in a major backlog of mediation files.

In order to address the backlog, FSCO implemented a number of initiatives including the use of a private dispute resolution service provider and improved internal efficiencies. As a result, the backlog was eliminated by August 2013. All new applications for mediation are assigned to FSCO mediators within two days of receipt and are handled within legislated timelines. For more information, refer to FSCO's 2013 Statement of Priorities.

Applications for arbitration, which had already been on the rise for several years, increased substantially as a result of the rapid clearing of the mediation backlog and other external factors. In order to ensure that sufficient capacity exists to handle all arbitration files within published timelines, FSCO continues to use the services of a private dispute resolution service provider for arbitration files only.

Motor Vehicle Accident Claims Fund

FSCO administers the Motor Vehicle Accident Claims Fund for victims of accidents involving uninsured or unidentified vehicles.

Measure	2013–14	2012–13
New Claims Reported (#)	515	542
Total Cash Payouts	$22.3 million	$27.7 million
Total Statutory Accident Benefits Claims Paid (#)	400	408
Total Statutory Accident Benefits Payments	$17 million	$23.2 million

Measure	2013–14	2012–13
Total Third Party Liability Claims Paid (#)	87	81
Total Third-Party Liability Payments for Bodily Injury and Property Damage	$5.3 million	$4.5 million
Collection of Repayments	$1.1 million	$1.1 million
Suspended Driver's Licences (#)	252	321
Reinstated Driver's Licences (#)	252	219
Repayments Processed (#)	5,614	6,609
Debtors Making Payments (#)	707	749
Active Accounts Receivable (#)	1,040	1,083

DEPOSIT-TAKING INSTITUTIONS, MORTGAGE BROKERING, CO-OPERATIVE CORPORATIONS

Ontario Credit Unions and Caisses Populaires

As of March 31, 2014, Ontario's credit unions and caisses populaires held total assets of $39.4 billion. The sector is undergoing significant consolidation and transformation. Amalgamations continued in 2013–14, with the number of credit unions and caisses populaires decreasing by almost 10 percent.

Measure	As of March 31, 2014	As of March 31, 2013
Institutions with Assets over $50 Million		
Number	81	84
Assets	$38.4 billion	$35.7 billion
Membership	1,472,171	1,457,093
Institutions with Assets under $50 Million		
Number	41	53
Assets	$1 billion	$1.2 billion
Membership	90,753	109,354
All Institutions		
Number	122	137
Assets	$39.4 billion	$37.0 billion
Membership	1,562,924	1,566,447

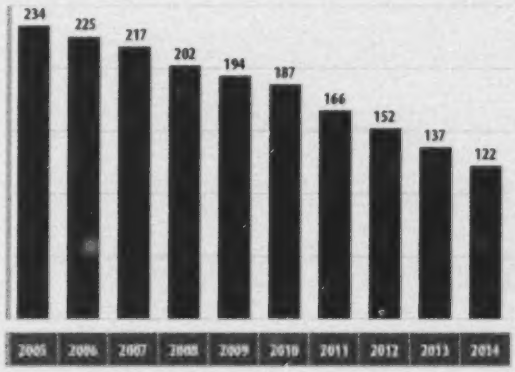
The Deposit Insurance Corporation of Ontario

The Deposit Insurance Corporation of Ontario (DICO) is a provincial government agency that protects depositors of Ontario credit unions and caisses populaires from loss of their deposits.

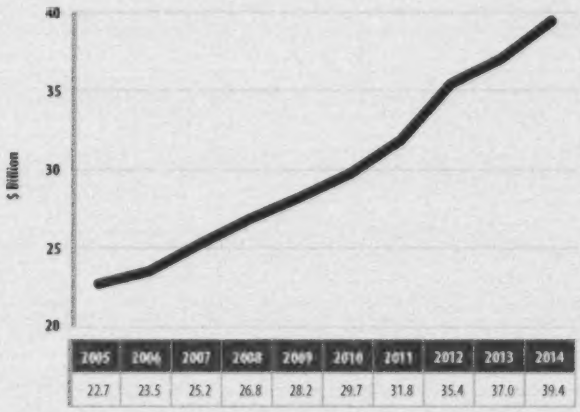
FSCO and DICO share responsibility for regulating credit unions and caisses populaires under the provisions of the Credit Unions and Caisses Populaires Act, 1994, and ensuring compliance with its provisions. The statute establishes solvency requirements including rules relating to capital, liquidity and exposure to interest rate risk, and assigns responsibility to DICO for enforcing those provisions. FSCO is responsible for enforcing the market conduct provisions in the act, including those relating to consumer protection and governance.

For more information, visit DICO's website.

Ontario Credit Unions, 2005–2014
Number as of March 31



Ontario Credit Unions–Total Assets, 2005–2014
As of March 31



Loan and Trust Companies

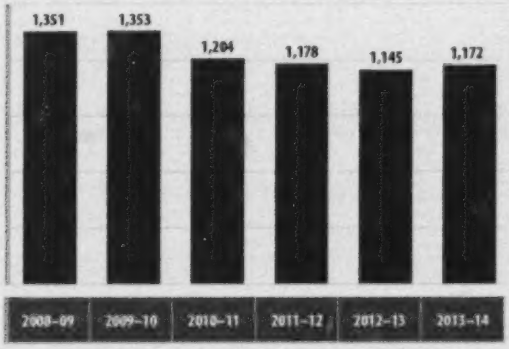
FSCO's role in the regulation of loan and trust companies is limited to registration of companies operating in Ontario and taking action

against unlicensed deposit takers. Fifty-two loan and trust companies were registered to operate in Ontario as of March 31, 2014. All were federally incorporated, which is a requirement for registration.

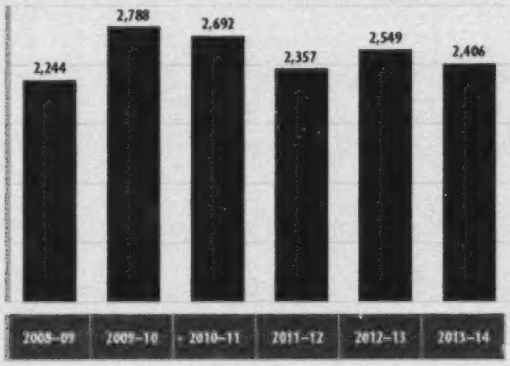
Mortgage Brokering

All mortgage brokerages, administrators, brokers and agents conducting mortgage brokering business in Ontario are required to be licensed by FSCO. Mortgage broker and agent licences are issued for a two-year term. The number of licence renewals for brokers and agents was high in 2013–14 as they had a common expiry date of March 31, 2014.

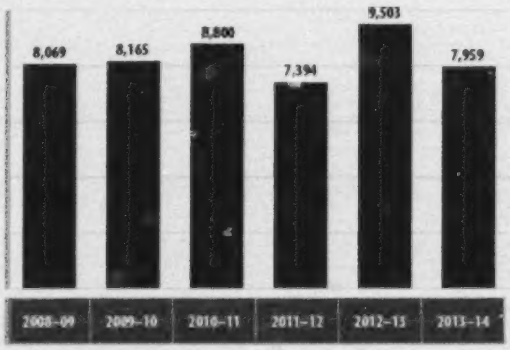
Total Number of Ontario Mortgage Brokerages, 2009–2014



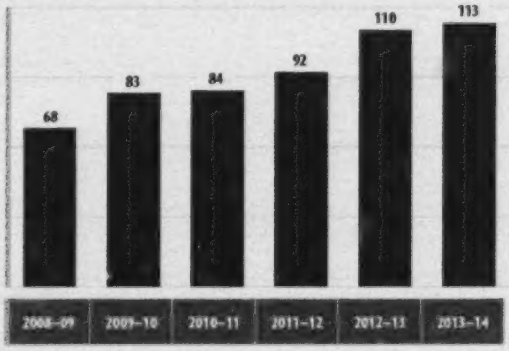
Total Number of Ontario Mortgage Brokers, 2009–2014



Total Number of Ontario Mortgage Agents, 2009–2014



Total Number of Ontario Mortgage Administrators, 2009– 2014



Co-operative Corporations

FSCO registers organizations conducting business as co-operatives under the Co-operative Corporations Act. In 2013–14, there were 47 new co-operative incorporations.

Ontario Co-operatives
Number of New Incorporations, 2005–2014

2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
27	27	21	17	21	32	19	46	73	47

LICENSING, MONITORING AND ENFORCEMENT ACTIVITY ACROSS THE SECTORS: STATISTICS

FSCO LICENSES OR REGISTERS INDIVIDUALS and businesses to provide financial services in Ontario. It monitors compliance with legislation and regulations and follows up with enforcement action where necessary.

LICENSING ACTIVITIES

Activity	2013–14 #	2012–13 #
Individuals		
New Licences Issued		
Life Insurance Agents	4,996	4,973
General Insurance Agents	823	732
Accident and Sickness Insurance Agents	444	348
Insurance Adjusters	297	104
Mortgage Brokers	61	114
Mortgage Agents	2,408	3,010
Licences Renewed		
Life Insurance Agents	13,592	18,565
General Insurance Agents	2,811	3,054
Accident and Sickness Insurance Agents	325	264
Insurance Adjusters	1,561	1,748
Mortgage Brokers*	2,415	2
Mortgage Agents*	8,053	14
Corporations		
New Licences Issued		
Life and General Insurance Agencies	457	488
Corporate Insurance Adjusters	–	8
Insurance Companies	6	3
Mortgage Brokerages	128	88
Mortgage Administrators	16	18
New Registrations Issued		
Loan and Trust Companies	–	–
Licences Renewed		
Life and General Insurance Agencies	1,738	2,457
Corporate Insurance Adjusters	15	131
Co-operatives		
Offering Statements	23	20
Material Change Relating to Offering	–	5
New Incorporations	47	71
Amendments Relating to Incorporation	18	13
Dissolutions/Cancellations	6	10
Conversion to Corporation	–	–
Amalgamation	1	–
Credit Unions/Caisses Populaires		
New Incorporations	–	–
Applications Required for Approval/Filing (including applications for articles of amendment, name changes, by-law amendments, offering statements, etc.)	58	56
Amalgamations	5	7

** All mortgage broker and agent licences had a common expiry date of March 31, 2014.*

REGULATORY OVERSIGHT AND ENFORCEMENT ACTIVITIES

Monitoring Activities

FSCO undertakes a number of monitoring activities as part of its regulatory functions. It conducts police background checks, compliance audits, and reviews complaints in the sectors it regulates.

Activity	2013–14	2012–13
Police Checks		
Insurance Agent Licence Applications	10,453	8,163
Mortgage Broker and Agent Applications	2,085	2,804
Audits		
Mortgage agent and broker relicensing education*	–	232
Insurance agent risk-based CE audit	50	10
Errors and Omissions Insurance		
- Life Insurance Agents	330	–
- Mortgage Brokerages	–	–

Activity	2013–14	2012–13
Complaint Reviews		
Insurance Companies	490	511
Insurance Agents	225	201
Mortgage Brokerages	101	131
Mortgage Brokers	69	72
Mortgage Agents	111	123
Credit Unions	35	36
Loan and Trust Companies	7	4
Health Care Providers	10	8
Pension Plans	243	258
Total	**1,291**	**1,344**

** FSCO no longer performs this audit. Course providers now advise FSCO directly of individuals who have completed their education requirements.*

Enforcement Actions

To protect consumers and enhance public confidence, FSCO monitors, investigates and, where there is non-compliance with legislation and regulations, takes appropriate enforcement action against the sectors it regulates.

Type	2013–14	2012–13
Insurance Agents		
Licences Revoked	3	11
Licences Suspended	7	7
Letters of Caution	25	9
Automobile Insurance Companies		
Letters of Caution	1	2
Mortgage Brokerages/Administrators		
Licence Refusals	–	–
Licence Suspensions	1	–
Licence Revocations	1	1
Administrative Monetary Penalties		
Annual Information Return		
• Orders Issued	5	5
• Amount Ordered	$5,000	$5,000
Errors & Omissions Insurance		
• Orders Issued	3	13
• Amount Ordered	$8,500	$27,500
Unlicensed Activity		
• Orders Issued	–	–
• Amount Ordered	–	–

Type	2013–14	2012–13
Mortgage Brokers		
Licence Suspensions	1	–
Letters of Caution	3	1
Mortgage Agents		
Licence Refusals	4	3
Letters of Caution	12	1
Health Care Providers/Clinics		
Letters of Caution	–	–
Dispute Resolution Penalties		
Special Awards against Insurers	4	–
Expense Orders against representatives	–	–
Cease-and-Desist Orders	1	7
Prosecutions Completed	1	1

ADVISORY BOARD ACTIVITIES

Advisory Boards under the Insurance Act make recommendations to the Superintendent of Financial Services on whether to grant, renew, revoke or suspend licences of agents or adjusters. Licensing issues are often resolved by minutes of settlement. Where they are not, the Superintendent appoints an Advisory Board including an agent or adjuster representative, an insurer representative and a Superintendent representative. The board holds a hearing and prepares a report to the Superintendent, who makes a decision and issues an order.

Activity	2013–14	2012–13
Cases Pending at Beginning of Year	5	9
New Cases Received	7	11
Files Closed	9	15
Cases Pending at End of Year	3	5

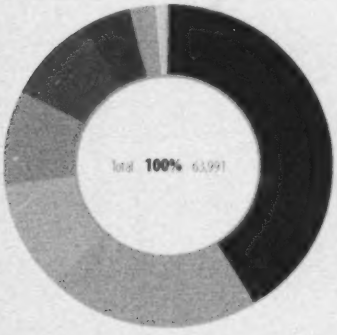
PUBLIC AND STAKEHOLDER INQUIRIES AND COMPLAINTS REPORTING

FSCO supplements its oversight activities with consumer inquiry and complaint processes which answer consumer and stakeholder questions. Inquiries and complaints also help FSCO to identify practices that may be harmful to consumers and the marketplace or may violate legislation, regulations or FSCO's rules and procedures.

Inquiry and complaint data play a crucial role in alerting FSCO and the public to potential problems that may require consumer education efforts or other regulatory intervention. Providing accurate, up-to-date information to consumers to assist them in making informed choices about the many products and services that are available in the marketplace is important to FSCO.

The following data for fiscal year 2013–14, shows the number of inquiries and complaints handled by FSCO.

Public and Stakeholder Inquiries

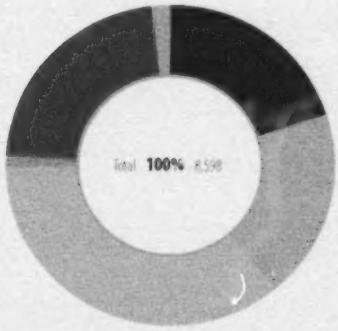


		No. of Inquiries
Pensions	41.1%	26,280
Licensing	20.8%	13,307
Mortgage Brokers	11.2%	7,185
Other-FSCO	9.5%	6,103
Insurance-Automobile	8.8%	5,624
Non-FSCO*	4.8%	3,056
Insurance-Other	2.5%	1,594
Co-operatives	0.4%	281
Credit Unions & Caisses Populaires	0.4%	275
Loan & Trust	0.3%	199
Service Providers	0.1%	87

** Non-FSCO refers to inquiries that do not pertain to FSCO's mandate and have to be redirected.*

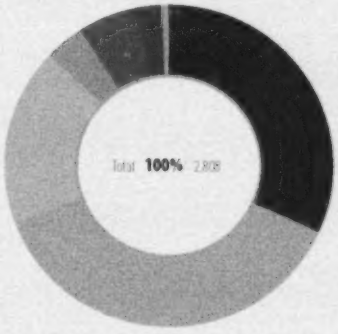
FSCO is a valuable point of contact for both the public and stakeholders. FSCO staff respond to telephone inquiries and correspondence, providing information about legislation and regulations administered by FSCO and also about FSCO's processes.

Licensing Compliance Inquiries



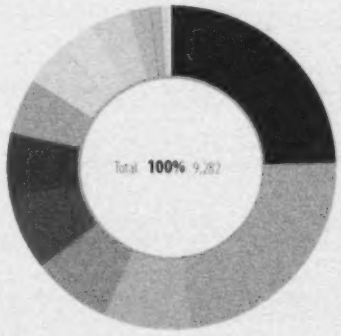
		No. of Inquiries
Escalated Application Status Updates	19.9%	1,714
Licensing Link IT Issues	19.0%	1,635
Application & Qualification Inquiries	35.9%	3,082
Paper/PDF Licence Request	1.3%	110
Annual Information Returns	0.5%	44
Other	21.6%	1,856
Letter of Status Requests	1.8%	157

Market Conduct Inquiries



		No. of Inquiries
Mortgage Brokering	31.9%	895
P&C Insurance	37.5%	1,054
Life and A&S Insurance/ Investments	17.7%	497
Credit Unions	3.9%	110
Other	5.9%	165
Cooperatives	2.5%	70
Loan & Trust	0.6%	17

Pension Inquiries



		No. of Inquiries
Access to Information from FSCO	24.6%	2,288
Pension Servers Portal Inquiry	23.5%	2,185
Details on Filings (AIR, PBGF, AR, FS, IIS)	8.6%	799
Marriage Breakdown (FLA)	7.8%	723
Information on LIRA/LIF/LRIF	7.4%	686
Interpretation (Admin/Legs/ Policy)	6.5%	606
Unlocking Questions	5.5%	513
Members Rights Under PBA	4.4%	408
Matter Outside FSCO Jurisdiction	3.8%	352
Lost or Missing Benefits	3.8%	349
Deadlines for Submissions/Filings	1.9%	172
Pension Assessments	1.1%	105
Request for Forms/ Publications	0.5%	49
CCAA/Bankruptcy Explanation	0.5%	42

Complaints

As evidence of consumer dissatisfaction, complaints represent a crucial market conduct signal for both the industry and regulators. Reviewing complaints is an important component of FSCO's risk-based approach to market conduct oversight.

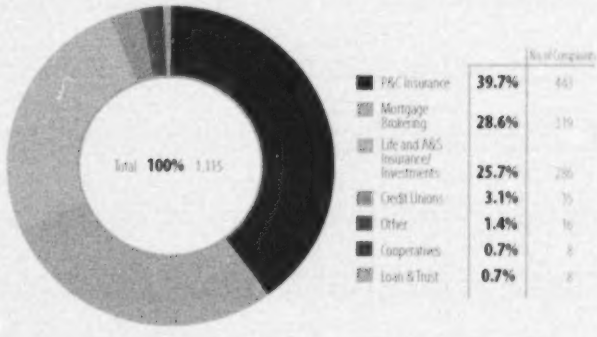
In Ontario, insurance companies are required to designate a complaints officer to receive consumer complaints about business practices, and to refer unresolved complaints to an independent third party for review. Most insurance companies are members of a national ombudservice established by the industry. Where this is not the case, FSCO generally acts as the independent third party.

All mortgage brokerages, mortgage administrators, credit unions and caisses populaires are required to designate an individual to receive and attempt to resolve complaints. They must also keep a record of written complaints and responses. Moreover, parties making a complaint must be advised to contact FSCO if they believe there has been a violation of the legislation or regulations.

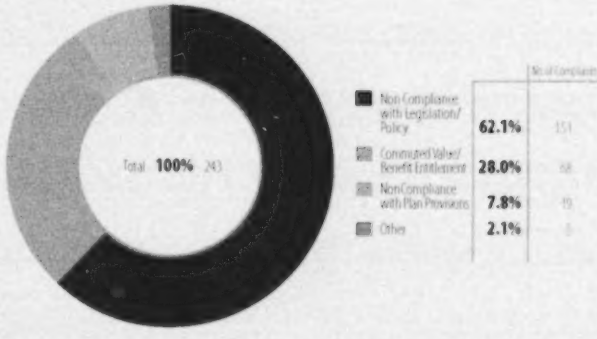
FSCO inquires into complaints alleging non-compliance with legislation or regulations in any of the regulated sectors. Complaint procedures and contact information are posted on FSCO's website.

Most complaints do not result in a finding of contravention of the law. However, access to a review process is important to maintain consumer confidence in the financial services marketplace. Where there has been a contravention, FSCO takes enforcement action.

Market Conduct Complaints



Pension Complaints


Total 100% 243
Non Compliance with Legislation/ Policy 62.1%
Commuted Value/ Benefit Entitlement 28.0%
Non Compliance with Plan Provisions 7.8%
Other 2.1%

REPORT OF THE FINANCIAL TRIBUNAL

ESTABLISHED BY THE FSCO ACT, the Financial Services Tribunal (FST) is an expert, independent adjudicative body. The FST conducts hearings and hears certain appeals on regulatory and disciplinary matters under statutes covering the regulated sectors including:

- the Pension Benefits Act
- the Insurance Act
- the Mortgage Brokerages, Lenders and Administrators Act, 2006
- the Credit Unions and Caisses Populaires Act, 1994
- the Loan and Trust Corporations Act
- the Prepaid Hospital and Medical Services Act

The FST has exclusive jurisdiction to exercise the powers conferred on it by legislation and to determine all questions of fact or law that arise in its hearings.

The FST is composed of nine to 15 members, including the Chair and two Vice-Chairs, all appointed by the Lieutenant Governor in Council. The Chair and Vice-Chairs of the FST are also the Chair and Vice-Chairs of the commission.

Appointments to the FST and the Financial Services Commission of Ontario are made in accordance with the guidelines established by Ontario's Public Appointments Secretariat.

Financial Services Tribunal Members

NAME	POSITION	TENURE	
John M. Solursh	Chair	August 11, 2004	August 7, 2014
Elizabeth Shilton	Vice-Chair	May 18, 2005	January 31, 2015
Florence A. Holden	Vice-Chair	August 11, 2004	September 5, 2017
Heather Gavin	Member	January 13, 1999	June 24, 2013
Shiraz Y.M. Bharmal	Member	September 9, 2002	September 9, 2013
Denis W. Boivin	Member	November 3, 2004	June 2, 2014
Patrick William Longhurst	Member	August 9, 2009	August 7, 2014
Jeffrey Richardson	Member	August 12, 2008	August 9, 2014
David A. Short	Member	October 24, 2001	November 3, 2014
Jennifer Lynne Brown	Member	July 8, 2010	July 6, 2015

The FST is committed to providing an expert, impartial hearing process that is accessible, prompt and fair. It has established its own Rules of Practice and Procedure and issued Practice Directions to guide the conduct of its hearings. Proceedings are also governed by the Statutory Powers Procedure Act.

For the convenience of hearing participants, the FST's hearing schedule, decisions, Rules of Practice and Procedure, and Practice Directions are posted on the FST website at www.fstontario.ca. Biographical sketches of current FST members may also be found on this site.

The FST has established service standards, which are published, and a tracking mechanism to facilitate public reporting on services.

A summary of the FST's activities in 2103–14 appears in the Financial Services Tribunal Activities table.

Financial Services Tribunal Activities

Activity	Pension Matters (Excluding Financial Hardship)	Pension Matters (Financial Hardship)	Mortgage Matters	Insurance Matters	Credit Union Matters	Loan & Trust Matters	Total 2013–14	Total 2012–13
Cases Pending at Beginning of Year	14	0	6	0	0	0	20	32
New Cases Received	9	0	9	1	0	0	19	22
Files Closed	13	0	6	1	0	0	20	34
Cases Pending at End of Year	10	0	9	0	0	0	19	20
Oral Hearing Days	10	0	1	0	0	0	11	14
Written Hearings	0	0	0	0	0	0	0	2
Other Activity Days – Including: Pre-Hearing Conferences, Telephone Conferences, Settlement Conferences and Motions	26	0	20	0	0	0	46	55
Total Hearing (Oral and Written) and Activity Days before FST	36	0	21	0	0	0	57	71

Notes:

1. Table does not include FST quarterly meetings, days for deliberation or decision writing.

2. Numbers may reflect activity in respect of files opened prior to 2013–14 fiscal year.

3. Written hearings may relate to financial hardship matters, motions, requests for costs or requests for a review of a decision.

FINANCIAL STATEMENTS

Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

For the year ended March 31, 2014

MANAGEMENT'S STATEMENT

Financial Services Commission of Ontario

Chief Executive Officer and
Superintendent of Financial Services

5160 Yonge Street
Box 85, 17th Floor
Toronto ON M2N 6L9

Telephone: (416) 590-7000
Facsimile: (416) 590-7078

Commission des services financiers de l'Ontario

Directeur général et
surintendant des services financiers

5160, rue Yonge
boîte 85, 17e étage
Toronto ON M2N 6L9

Téléphone : (416) 590-7000
Télécopieur : (416) 590-7078

October 15, 2014

Management's Responsibility for Financial Information

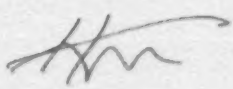
The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997.* Under the Act the Superintendent is responsible for the financial and administrative affairs of the Commission.

Under the direction of the Superintendent, Management of the Commission is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations. The preparation of financial statements involves the use of management's judgment and best estimates particularly when transactions affecting the current period cannot be determined with certainty until future periods.

Management of the Commission is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and safeguarding of its assets.

The financial statements have been audited by the Office of the Auditor General. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations. They have been approved by the Commission's Audit and Risk Committee. The Auditor's report follows.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services



Helmut Zisser
Chief Administrative Officer & Assistant
Deputy Minister, Ministry of Finance

AUDITOR'S STATEMENT

Office of the Auditor General of Ontario
Bureau du vérificateur general de l'Ontario

Independent Auditor's Report

To the Financial Services Commission of Ontario and to the Minister of Finance

I have audited the accompanying financial statements of the Financial Services Commission of Ontario, which comprises the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Financial Services Commission of Ontario as at March 31, 2014 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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www.auditor.on.ca

Toronto, Ontario
October 15, 2014

Gary Peall, CPA, CA, LPA
Deputy Auditor General

STATEMENT OF FINANCIAL POSITION

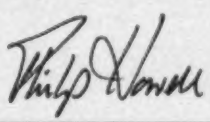
AS AT MARCH 31, 2014

	March 31, 2014 ($ 000)	March 31, 2013 ($ 000)
ASSETS		
Current		
Cash	1	5
Accounts receivable	895	106
Prepaid expenses	6	0
	902	111
Due from the Province (Note 7b)	40,248	34,947
Capital assets, net (Note 3)	12,642	10,401
	53,792	45,459
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	19,349	14,465
	19,349	14,465
Employee future benefits obligation (Note 7a)	8,810	9,260
Deferred revenue (Note 4)	12,680	10,490
Deferred lease inducements (Note 5)	311	843
Net assets		
Invested in capital assets	12,642	10,401
	53,792	45,459

Commitment, Significant Contracts and Contingencies (Note 9)

See accompanying notes to financial statements

Approved by:



Chief Executive Officer and
Superintendent of Financial Services

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ($ 000)	March 31, 2013 ($ 000)
Revenue (Note 6)		
Assessments	70,697	56,102
Fees, Licenses, registrations and other	12,608	10,475
	83,305	66,577
Expenses		
Salaries and wages	36,095	37,960
Employee benefits (Note 7a)	8,060	8,509
Transportation and communication	815	812
Services	39,157	21,626
Supplies and equipment	535	453
Amortization	3,302	3,210
Bad debt expense	3	53
	87,967	72,623
Less: Recoveries (Note 8)	3,259	3,217
	84,708	69,406
Deficiency of revenue over expenses absorbed by the Province (Note 6)	(1,403)	(2,829)

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ($ 000)	March 31, 2013 ($ 000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Deficiency of revenue over expenses absorbed by the Province	(1,403)	(2,829)
Items not affecting cash		
Amortization of capital assets	3,302	3,210
Employee future benefits (Note 7a)	(450)	330
Bad debt expense	3	53
Changes in non-cash working capital		
Accounts receivable	(792)	271
Prepaid expenses	(6)	37
Accounts payable and accrued liabilities	4,884	4,370
Due from the Province	(1,657)	(2,800)
Amortization of deferred lease inducements	(532)	(533)
Deferred Revenue	2,190	(1,396)
	5,539	713
Cash flows from capital activity		
Purchase of capital assets	(5,543)	(715)
	(5,543)	(715)
Net change in cash position	(4)	(2)
Cash position, beginning of year	5	7
Cash position, end of year	1	5

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

1. OPERATIONS OF THE COMMISSION

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. The Commission's mandate through its regulated activities is to protect the public interest and enhance public confidence in insurance, pensions, credit unions, trust companies, caisses populaires, co-operatives and mortgage brokers, and also to make recommendations to the Minister of Finance on matters affecting the regulated sectors. The Commission administers the following legislation: *Insurance Act, Pension Benefits Act, Credit Unions and Caisses Populaires Act, Loan and Trust Corporations Act, Mortgage Brokerages, Lenders and Administrators Act* and *Co-operative Corporations Act*. As a regulatory agency of the Province of Ontario, the Commission is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by the management of the Commission in accordance with Public Sector Accounting Standards for government not-for-profit organizations (PSA-GNFPO) as issued by the Public Sector Accounting Board (PSAB). The significant accounting policies used to prepare these statements are summarized below.

(a) Capital Assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over their estimated useful life. The useful life of the Commission's capital assets has been estimated as follows:

Purchased software	3 years
Custom developed software	5 years
Office furniture and equipment	5 years
Computer hardware	3–6 years
Leasehold improvements	over the term of the lease

(b) Revenue Recognition

Assessment revenues from the insurance, pension, credit union, caisses populaires and the loan and trust sectors are recognized when the recoverable costs to administer the various Acts governing these sectors are incurred.

Revenues from fees, licenses and registrations are recognized in the year to which they pertain.

(c) Financial Instruments

The Commission follows PSA-GNFPO pertaining to financial instruments. Under these standards, all financial instruments are included on the statement of financial position and are measured either at fair value or at cost or amortized cost. The Commission's Accounts receivable, and the Accounts payable and accrued liabilities are recorded at cost in the financial statements.

(d) Use of Estimates

The preparation of financial statements in accordance with PSA-GNFPO requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual amounts could differ from these estimates. Significant items subject to such estimates and assumptions include the amortization expense, accrued liabilities and employee future benefits.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
	($'000)			
Custom developed software	10,361	6,230	4,131	2,773
Custom software under development	4,918	0	4,918	2,209
Leasehold improvements	7,818	5,398	2,420	3,643
Computer hardware	2,377	1,724	653	802
Office furniture and equipment	2,209	1,689	520	974
	27,683	**15,041**	**12,642**	**10,401**

4. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATION

Deferred revenue represents payments received for fees, licences and registrations that cover more than the current fiscal year. The deferred portion is recognized as revenue when the applicable future licence year occurs. The changes in the deferred revenue balances during fiscal 2013–14 are summarized as follows:

	Balance, beginning of year	Received during year	Recognized during year	Balance, end of year
	($'000)			
Insurance Agents	3,944	3,462	3,790	3,616
Insurance Adjusters	20	133	119	34
Mortgage Brokers	4,919	8,210	5,691	7,438
Insurance Corporations	1,047	921	1,031	937
Other	560	762	667	655
	10,490	**13,488**	**11,298**	**12,680**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

5. DEFERRED LEASE INDUCEMENTS

In April 2008, the Commission's office accommodation lease was extended from October 31, 2008 to October 31, 2015. The lease extension included a leasehold improvement allowance in the amount of $2.005 million for renovations in the first two years and no base rent payable in the amount of $0.64 million for the first ten months of the lease extension. The Commission has utilized the entire allowance.

The deferred lease inducement is made up of the portion of future lease payments attributed to the rent-free period and the leasehold improvements allowance and will be recognized as reduced rent expense over the term of the lease on a straight line basis.

	2014	2013
	($'000)	
Balance, beginning of year	1,375	1,908
Less: Lease Inducements Amortization	(532)	(533)
Deferred Lease Inducements	843	1,375
Less: current portion	(532)	(532)
Balance, end of year	**311**	**843**

6. REVENUE

Under *The Financial Services Commission of Ontario Act*, the Commission may recover all of its costs through revenue assessments and fees charged to all entities that form part of the regulated sectors. The Commission's deficiency of $1.4 million (2013 - $2.8 million) resulted mostly from the Financial Hardship Program waiver of fees that continued in 2014 and the deficiency from the Co-operatives sector, offset by a surplus in the mortgage brokers sector. The deficiency has been absorbed by the Province and is reflected in the Due from the Province on the statement of financial position. For the fiscal year, revenue from the following Acts and regulations made under the Acts administered by the Commission are:

	2014	2013
	($'000)	
INSURANCE ACT		
Insurer assessment	52,806	37,696
Fees, licenses and other	6,624	5,901
PENSION BENEFITS ACT		
Pension plan assessment	17,268	17,663
Registration fees and other	53	52
Pension unlocking fees and other	0	0
CREDIT UNIONS AND CAISSES POPULAIRES ACT		
Credit Union assessment	467	583
Fees and other	160	92
LOAN AND TRUST CORPORATIONS ACT		
Loan and Trust assessment	156	160
Fees, licenses and registrations	4	2
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT		
Fees, Licenses, Registrations and other	5,749	4,393
CO-OPERATIVE CORPORATIONS ACT		
Fees and other	18	35
	83,305	**66,577**

7. RELATED PARTY TRANSACTIONS

(a) Employee Benefits

The Commission's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by the Commission's employees is recognized in the Province's consolidated financial statements. These benefits are accounted for by the Commission as follows:

i. Pension Benefits

The Commission's full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Commission's annual payments to the funds. Since the Commission is not a sponsor of these funds, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the Commission, as the sponsors are

responsible for ensuring that the pension funds are financially viable. The Commission's annual payments of $2.97 million (2013 – $3.08 million) are included in employee benefits in the Statement of Operations.

ii. Employee Future Benefits Obligation

Employee future benefits include accrued severance entitlements, unused vacation and other future compensation entitlements earned. Severance entitlements under the *Public Service of Ontario Act (2006)* were non-actuarially estimated based on one week pay for every year of service for those employees with a minimum of five years of service. These costs for the year amount to $0.518 million (2013 – $0.851 million) and are included in employee benefits and salaries and wages in the Statement of Operations. Amounts due within one year totaling $2.74 million (2013 – $2.66 million) are included in accounts payable and accrued liabilities.

iii. Other Non-Pension Post-Employment Benefits

The cost of other non-pension post-retirement benefits is determined and funded on an ongoing basis by the Ontario Ministry of Government Services and accordingly is not included in these financial statements.

(b) Amounts due from the Province

The due from the Province balance reflected in the financial statements is the difference between the cash receipts submitted to the Province and the Commission's expenses paid, owing or absorbed by the Province.

(c) Other administrative expenses

The Ontario Ministry of Government Services absorbs the costs of certain administrative expenses. The Ministry of Finance has charged for other administrative costs including costs related to information technology and the Ministry of Attorney General has charged for legal staff provided to the Commission based on the Ministry's actual costs.

8. RECOVERIES

The Commission provides administrative and other support services to a number of organizations and recovers the costs of providing these services from the organizations in accordance with the memorandum of understanding or agreement signed with the respective organizations. Details of these recoveries are as follows:

	2014	2013
	($'000)	
Motor Vehicle Accident Claims Fund (Related Party)	1,623	1,727
Pension Benefits Guarantee Fund (Related Party)	451	474
General Insurance Statistical Agency	516	314
Joint Forum of Financial Market Regulators	36	222
Canadian Association of Pension Supervisory Authorities	190	183
Canadian Council of Insurance Regulators	222	208
Mortgage Broker Regulators' Council of Canada	220	78
Canada Revenue Agency		11
	3,259	3,217

9. COMMITMENT, SIGNIFICANT CONTRACTS AND CONTINGENCIES

(a) Office Accommodation Lease

In July 2014, the Commission's office accommodation lease was extended from October 31, 2015 to October 31, 2020 with two further options to extend the term for five years each. As a result the Commission is committed to minimum lease payments for office space as follows:

	$'000
2014/2015	5,231
2015/2016	4,344
2016/2017	5,135
2017/2018	5,211
2018/2019	5,265
thereafter	8,456
	33,642

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

(b) Dispute Resolution Services Contract

In August 2012, the Commission entered into a contract with an outside service provider for mediation and arbitration services related to disputes over auto insurance claims. The expenditures for the year for this contract amount to $21.5 million (2013 – $4.4 million). In June 2014, another contract was signed for the service provider for arbitration services until May 2018, with provisions for an extension. It is anticipated that the annual costs to be incurred for these services during fiscal 2015 through fiscal 2019 will be $19 – $25 million. These costs are charged back to the insurance companies that utilize the services.

(c) Contingencies

The Commission is involved in various legal actions arising out of the ordinary course of business. Settlements paid by the Commission, if any, will be accounted for in the period in which the settlement occurs. The outcome and ultimate disposition of these actions are not determinable at this time.

10. FINANCIAL INSTRUMENTS

The Commission is exposed to low credit risk in its financial instruments from accounts receivable owing from industry, and is not exposed to any currency, interest rate or liquidity risk.

11. SECURITIES ON DEPOSIT

The *Insurance Act* authorizes the Commission to require insurance companies to deposit securities in any amount it considers necessary and on such conditions as it considers proper. Such amounts might be held to satisfy requirements of other jurisdictions with which the Province of Ontario has reciprocal agreements.

As at March 31, 2014, there was no securities held by the Commission under the *Insurance Act* (2013 – $0.052 million).

Income earned on the securities is paid directly to the insurance companies depositing the securities. These securities and the related income are not recorded in the financial statements.

Ontario

PENSION BENEFITS GUARANTEE FUND

FOR THE YEAR ENDED MARCH 31, 2014

MANAGEMENT'S STATEMENT

Financial Services Commission of Ontario

Deputy Superintendent
Pension Division

5160 Yonge Street
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Commission des services financiers de l'Ontario

Surintendant adjoint
Division des régimes de retraite

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June 25, 2014

Pension Benefits Guarantee Fund
Management's Responsibility for Financial Information

The CEO and Superintendent of Financial Services of the Financial Services Commission of Ontario ("FSCO"), pursuant to the *Financial Services Commission of Ontario Act, 1997* and specifically, subsection 82(2) of the *Pension Benefits Act*, is responsible for the administration of the Pension Benefits Guarantee Fund (PBGF).

The PBGF Management Committee which comprises of senior management, professional actuarial, investment and accounting staff oversees the administration of the PBGF. The PBGF Management Committee meets quarterly to review and discuss issues related to the administration of the PBGF, and makes recommendations on these issues to the Superintendent of Financial Services.

In addition, Management maintains a system of internal controls, information systems and processes designed to provide reasonable assurance that the assets of the PBGF are safeguarded and that financial information is reliable and timely. The internal control systems include formal policies and procedures and an organizational structure which provides for appropriate Financial Delegation of Authority and the segregation of incompatible duties.

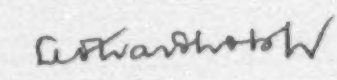
The Audit and Risk Committee, which includes the Superintendent of Financial Services, is responsible for ensuring Management fulfils its responsibilities for financial reporting and internal controls. The Audit and Risk Committee meets periodically with Management, internal and external auditors to address issues and to review the Financial Statements before recommending approval.

The accompanying Financial Statements of the PBGF have been prepared in accordance with the Canadian Public Sector Accounting Standards for Government Not-For-Profit Organizations (PSA-GNFPO). The preparation of the Financial Statements involves the use of Management's professional judgment and best estimates particularly when transactions affecting the current accounting period that cannot be finalized with certainty until future periods.

The Financial Statements have been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the Financial Statements are presented fairly, in all material respects, in accordance with PSA-GNFPO. The Auditor's Report, which follows, outlines the scope of the Auditor's examination and the Auditor's opinion on the financial statements.

On behalf of management:

Brian Mills
Deputy Superintendent, Pensions



Leonard Lobo CGA; CPA
Senior Manager, Finance and Planning

AUDITOR'S STATEMENT

Ontario

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To the Financial Services Commission of Ontario and to the Minister of Finance

I have audited the accompanying financial statements of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and fund surplus, cash flows and re-measurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission's Pension Benefits Guarantee Fund as at March 31, 2014, and the results of its operations and fund surplus, its cash flows and its re-measurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

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www.auditor.on.ca

Toronto, Ontario
June 25, 2014

Gary R. Peall, CPA, CA, LPA
Deputy Auditor General

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	March 31, 2014 ($ 000)	March 31, 2013 ($ 000)
ASSETS		
Current		
Cash	1	752
Accounts receivable	124,088	140,247
Investments (Note 4)	450,237	345,321
	574,326	486,320
LIABILITIES AND FUND SURPLUS		
Current		
Accounts payable and accrued liabilities	11,044	10,834
Current portion of loan payable (Note 5)	11,000	11,000
Claims payable	50,916	78,739
	72,960	100,573
Loan payable (Note 5)	125,657	129,577
	198,617	230,150
Fund surplus from operation	375,717	256,165
Accumulated remeasurement gains (losses)	(8)	5
Fund surplus	375,709	256,170
	574,326	486,320

See accompanying notes to financial statements

Approved by:

Chief Executive Officer and
Superintendent of Financial Services
Financial Services Commission of Ontario

STATEMENT OF OPERATIONS AND FUND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ($ 000)	March 31, 2013 ($ 000)
Revenue		
Premium revenue	138,819	145,295
Pension plan recoveries (Note 7)	9,424	52,770
Investment income (Note 4)	4,389	3,281
	152,632	201,346
Expenses		
Claims	18,532	12,051
Amortization of loan discount (Note 5)	7,081	7,268
Pension consulting services (Note 8)	6,886	1,420
Administration fee (Note 9)	451	474
Investment management fees (Note 9)	130	96
	33,080	21,309
Excess of revenue over expenses	119,552	180,037
Fund surplus, beginning of year	256,165	76,128
Fund surplus, end of year	375,717	256,165

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ($ 000)	March 31, 2013 ($ 000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Excess of revenue over expenses	119,552	180,037
Items not affecting cash:		
Amortization of loan discount (Note 5)	7,081	7,268
(Gains) losses on disposal of investments	116	(74)
	126,749	187,231
Changes in non cash working capital		
Accounts receivable	16,159	(35,559)
Claims payable	(27,823)	(30,548)
Accounts payable and accrued liabilities	210	2,897
	115,295	124,021
Cash flows from investing activities		
Purchases of investments	(3,633,576)	(3,792,182)
Proceeds from sale of investments	3,528,530	3,679,912
	(105,046)	(112,270)
Cash flows from financing activities		
Loan repayments	(11,000)	(11,000)
	(11,000)	(11,000)
Change in cash position	(751)	751
Cash position, beginning of year	752	1
Cash position, end of year	1	752

See accompanying notes to financial statements

STATEMENT OF RE-MEASUREMENT GAINS AND LOSSES

FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 ($ 000)	March 31, 2013 ($ 000)
Accumulated re-measurement gains, beginning of year	5	114
Unrealized gains (losses) attributed to portfolio investments	103	(183)
Realized gains (losses) reclassified to the statement of operations	(116)	74
Accumulated re-measurement gains (losses), end of year	**(8)**	**5**

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

1. STATUTORY AUTHORITY

The Pension Benefits Guarantee Fund (the "Fund") is continued under the *Pension Benefits Act, R.S.O. 1990, c. P.8* (the "Act").

2. FUND OPERATIONS

The purpose of the Fund is to guarantee payment of pension benefits of certain defined benefit pension plans that are wound up under conditions specified in the *Act* and regulations thereto. The regulations also prescribe an assessment payable into the Fund by plan registrants.

The Act provides that if the assets of the Fund are insufficient to meet payments for claims, the Lieutenant Governor in Council may authorize the Minister of Finance of Ontario to make loans or grants on such terms and conditions as the Lieutenant Governor in Council directs. The total liability of the Fund to guarantee pension benefits is limited to the assets of the Fund including any loans or grants received from the Province.

The Superintendent of the Financial Services Commission of Ontario ("FSCO") pursuant to the *Financial Services Commission of Ontario Act, 1997* is responsible for the administration of the Fund, and the Fund reimburses FSCO for the costs of the services provided to the Fund. The investments of the Fund are managed by the Ontario Financing Authority, on a fee-for-service basis which is paid by the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared by the management of FSCO in accordance with Public Sector Accounting Standards for Government Not-For-Profit organizations (PSA-GNFPO) as issued by the Public Sector Accounting Board (PSAB). Accordingly, management has used the following significant accounting policies in their preparation.

(a) Financial Instruments

The Fund follows PSA-GNFPO accounting standards relating to financial instruments. Under these standards, all financial instruments are included on the balance sheet and are measured either at fair value or at cost or amortized cost as follows:

- Cash and investments are recorded at fair value, with changes in fair value during the period recognized in the statement of re-measurement gains and losses until realized. Fair value is determined from quoted prices for similar investments.
- Accounts receivable, account payable and accrued liabilities are valued at cost which approximate fair value given their short term maturities.
- The non-interest bearing loan payable is reflected at amortized cost using the effective interest rate method due to the concessionary nature of the loan. The initial valuation was determined by discounting future cash flows using the provincial cost of borrowing. The resulting benefit (the difference between the face value of the loan and the net present value) was accounted for as a grant in the year received and is amortized to loan discount expense over the term of the loan.

(b) Claims Payable

Claims payable are estimates of the liabilities in respect of those defined benefit pension plans prescribed by the Act that are wound up or in the process of being ordered wound up under conditions specified in the Act, and the claim amounts can be reasonably estimated. Liabilities are also recognized when there is a high probability that a company will not emerge from creditor protection and the pension plan will be wound up on a specified date and the claim can be reasonably estimated. Claims payable are based on information provided by appointed pension plan administrators from estimates provided by actuarial consultants. These estimates represent the present value of future payments to settle claims for benefits and expenses by pension plans.

Differences in the liabilities, if any, between the amounts recognized based on estimates and the actual claims made, will be charged or credited to claims expense in the year when the actual amounts are determined.

(c) Premium Revenue

An estimate of the premium revenue due from defined benefit pension plans at rates prescribed by the Act is recorded until receipt of the annual assessment certificate nine months after the plan's fiscal year end.

Differences in premium revenue, if any, between the estimated amounts recognized and the actual revenues due are charged or credited to premium revenue in the year.

(d) Use of Estimates

The preparation of financial statements in accordance with PSA-GNFPO accounting standards requires that FSCO's management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses for the period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from these estimates and the differences could be material. Areas where significant estimates must be made include premium revenue and claims payable.

(e) Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current years' financial presentation.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

4. INVESTMENTS

As the administrator, investing the assets of the Fund, FSCO has established a Pension Benefits Guarantee Fund Management Committee. The Committee has developed a Statement of Investment Policies and Guidelines which is reviewed regularly and provides operational objectives, investment principles, policies and guidelines for the management of the investments.

Investments consist of:

	2014		2013	
	($'000)			
	Fair Value	**Cost**	**Fair Value**	**Cost**
Discounted notes	443,819	443,819	252,205	252,204
Government bonds	6,418	6,426	93,116	93,111
	450,237	**450,245**	**345,321**	**345,315**

Investment income includes interest earned from interest bearing securities and realized gains and losses from the sale of securities.

The Fund's investment portfolio is exposed to various risks, which are mitigated by the type of investment and therefore risk is low.

The market value sensitivity of the portfolio at the end of the last quarter was $0.7M for a 1.00% change in rates.

Discounted notes with maturities between April 2014 and July 2014 have yields in the range of 0.880% to 1.130% (2013—maturities between April 2013 and July 2013 had yields in the range of 0.960% to 1.140%).

The Government bond matures in October 2014 and has yield of 1.515% (2013—maturities between June 2013 and December 2013 had yields of 1.275% to 1.294%).

5. LOAN PAYABLE

Non-interest Bearing Loan

On March 31, 2004, the Fund obtained a $330M loan from the Province, a related party. The loan is non-interest bearing and repayable to the Province in thirty equal annual installments of $11M. The loan agreement provides for the Minister of Finance to advance any installment payment date depending on the cash position of the Fund. Repayments over the next five years total $55M.

The face value of this non-interest bearing loan has been discounted at an effective interest rate of 5.0368% to reflect its amortized cost outstanding as of March 31, 2014 as follows:

	2014	2013
	($'000)	($'000)
Face Value	220,000	231,000
Less: Discount	(83,343)	(90,423)
Amortized Cost	136,657	140,577
Classified as:		
Current Portion	11,000	11,000
Long Term Portion	125,657	129,577
Balance	136,657	140,577

The discount of $83.3M is amortized to loan discount expense over the term of the loan, based on the effective interest rate method. The amortization schedule for the subsequent five fiscal years is as follows:

Fiscal Year	($'000)
2015	6,883
2016	6,676
2017	6,458
2018	6,229
2019	5,989

6. FINANCIAL INSTRUMENTS

The main risks that the Fund's financial instruments are exposed to are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation or commitment that it has entered into. The Fund is exposed to credit risk relating to the collection of receivables. The Fund considers this risk to be low.

The Fund's accounts receivable consists of premium revenue receivable of $124M, investment income receivable of $0.28M and the HST receivable of $0.19M.

The premium revenue receivable recorded is based on an assessment formula set out in section 37 of Regulation 909 of the Act and is calculated as follows:

- Base assessment of $5 per Ontario plan beneficiary plus specified percentages of the plans PBGF assessment base.
- Maximum assessment of $300 per Ontario plan beneficiary and
- Minimum assessment of $250 for each plan

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

The probability for a pension plan to become insolvent and not pay the premium within a year is very low. In addition, in the event that a pension plan would become insolvent within a year, there are legal options for the Fund that can be exercised to collect the premiums. Historically, the Fund has been able to collect the amounts estimated as premium receivable.

The risk of not collecting the investment income and the HST receivable is considered to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its cash flow obligations as they fall due. The Fund's exposure to liquidity risk is minimal as the Fund has sufficient funds in its investment portfolio to settle all current liabilities. As at March 31, 2014, the Fund has an investment balance of $450M (2013 – $345M) to settle current liabilities of $73M (2013 – $101M). In addition, the Fund has the ability to meet sudden and unexpected claims by converting the investment holdings to cash without delay or significant transaction costs.

Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Fund. Short-term financial instruments (receivables, accounts payable) are not subject to significant market risk. The Fund manages its market risk by investing assets in low-risk and liquid securities. The Fund's market risk is considered to be low.

7. PENSION PLAN RECOVERIES

Following the settlement of all benefits, payment of expenses and the submission of the final wind up report, any remaining funds are recovered by the Fund. During fiscal 2014, the Fund had $9.4M (2013 – $52.8M) in recoveries. Approximately $1M in recoveries is expected in the fiscal year 2015.

8. PENSION CONSULTING SERVICES

The Fund periodically engages the services of external experts to represent the Fund's interests in insolvency proceedings respecting employers who are unable to meet their funding obligations under the *Pension Benefits Act*. For fiscal 2014, $6.9M was paid to such external experts (2013 – $1.4M paid).

9. RELATED PARTY TRANSACTIONS

For fiscal 2014, an administration fee of $0.5M (2013 - $0.5M) was incurred and has been paid to FSCO for management salaries and benefits, accounting, information technology, legal, pension and other services. The Fund and FSCO are related parties.

Investment Management fees consist mainly of fees paid to the Ontario Financing Authority, a related party.

The costs of processing premium revenue transactions are absorbed by FSCO without charge to the Fund.

Other related party transactions during the year have been disclosed in note 5.

Ontario

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

MARCH 31, 2014

MANAGEMENT'S STATEMENT

Financial Services Commission of Ontario

Commission des services financiers de l'Ontario

Ontario

MOTOR VEHICLE ACCIDENT CLAIMS FUND

Management Responsibility for Financial Information

Management maintains a system of internal controls, information systems and processes designed to provide reasonable assurance that the assets of the Motor Vehicle Accident Claims Fund (MVACF) are safeguarded and that financial information is reliable and timely. The internal control systems include formal policies and procedures and an organizational structure which provides for appropriate Financial Delegation of Authority and the segregation of incompatible duties. An internal audit function independently evaluates the effectiveness of these internal controls, information systems and processes on an ongoing basis and reports its findings to Management and to the Audit and Risk Committee at Financial Services Commission of Ontario (FSCO).

The Audit and Risk Committee, which includes the Superintendent of Financial Services, is responsible for ensuring Management fulfils its responsibilities for financial reporting and internal controls. The Audit and Risk Committee meets periodically with Management, internal and external auditors to address issues and to review the Financial Statements before recommending approval.

The accompanying Financial Statements of the MVACF have been prepared in accordance with the Canadian Public Sector Accounting Standards for Government Not-For-Profit Organizations (PSA-GNFPO). The preparation of the Financial Statements involves the use of Management's professional judgment and best estimates particularly with respect to transactions affecting the current accounting period that cannot be finalized with certainty until future periods. Management relies on the work of specialists in evaluating the Unpaid Claims amount and has adequately considered the qualifications of the specialist in determining amounts and disclosures used in the notes to financial statements. Management does not give, nor cause any instructions to be given, to specialists with respect to values or amounts derived, in an attempt to bias their work, and are not aware of any matters that have impacted the independence or objectivity of the specialists.

The Financial Statements have been audited by Ernst and Young, Chartered Accountants who are engaged under the direction of the Auditor General. The auditor's responsibility is to express an opinion on whether the Financial Statements are presented fairly, in all material respects, in accordance with PSA-GNFPO. The Auditor's Report, which follows, outlines the scope of the Auditor's examination and the Auditor's opinion on the financial statements.

On behalf of management:

Izabel Scovino
Senior Manager (A) -MVACF

Leonard Lobo CGA; CPA
Senior Manager (A), Finance and Planning

AUDITOR'S STATEMENT

Ontario

INDEPENDENT AUDITORS' REPORT

To the Audit and Risk Committee of the Financial Services Commission of Ontario and the Auditor General of Ontario

Pursuant to our appointment as auditor of the **Motor Vehicle Accident Claims Fund** (the "Fund" or "MVACF"), which audit is under the direction of the Auditor General of Ontario, we have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at March 31, 2014 and the statements of operations and MVACF deficit and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Motor Vehicle Accident Claims Fund** as at March 31, 2014 and its financial performance and its cash flows for the year ended March 31, 2014 in accordance with Canadian Public Sector Accounting Standards.

Ernst & Young LLP

Kitchener, Canada
June 25, 2014

Chartered Accountants
Licensed Public Accountants

EY

A member firm of Ernst & Young Global Limited

STATEMENT OF FINANCIAL POSITION

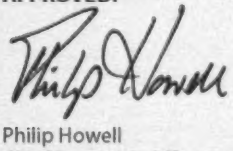
AS AT MARCH 31, 2014

MOTOR VEHICLE ACCIDENT CLAIMS FUND
(Established under the Motor Vehicle Accident Claims Act)

	2014	2013
ASSETS		
Current		
Funds on deposit with the Ministry of Finance	**$ 45,316,648**	$ 41,863,307
Accounts receivable – driver's licence fees (Note 3a)	**924,994**	452,398
Accounts receivable – debtors (Note 3c)	**51,556,928**	51,336,556
Less: allowance for doubtful accounts	**38,500,274**	37,352,865
	13,056,654	13,983,691
Long-term		
Capital assets (Note 4)	**553,975**	553,975
Less: accumulated amortization	**550,737**	541,700
	3,238	12,275
Unpaid claims recoverable (Note 5)	**369,476**	1,218,145
Total assets	**$ 59,671,010**	$ 57,529,816
LIABILITIES AND MVACF DEFICIT		
Accounts payable and accrued expenses	**$ 1,566,600**	$ 778,687
Employee future benefits obligation (Note 3h)	**471,859**	614,005
Deferred revenue	**70,897,241**	69,917,246
Unpaid claims and adjustment expenses (Note 5)	**142,136,047**	143,256,585
Total liabilities	**215,071,747**	214,566,523
MVACF deficit (Note 2)	**(155,400,737)**	(157,036,707)
Total liabilities and MVACF deficit	**$ 59,671,010**	$ 57,529,816

See accompanying notes.

APPROVED:



Philip Howell
Chief Executive Officer and
Superintendent of Financial Services
Financial Services Commission of Ontario

STATEMENT OF OPERATIONS AND MVACF DEFICIT

FOR THE YEAR ENDED MARCH 31, 2014

MOTOR VEHICLE ACCIDENT CLAIMS FUND
(Established under the Motor Vehicle Accident Claims Act)

	2014	2013
REVENUE		
Fees on issue or renewal of driver's licences	$ 29,616,255	$ 28,473,324
Change in deferred revenue	(979,995)	(271,193)
Fees earned	28,636,260	28,202,131
Prior year recoveries	1,412,802	1,521,761
Other revenue	14	4,888
Total revenue	30,049,076	29,728,780
EXPENSES		
Change in net unpaid claims and adjustment expenses	(271,869)	4,828,340
Accident benefit claims payments	17,049,530	22,974,433
Administrative expenses		
Salaries and wages	1,733,508	1,740,928
Employees' benefits	128,918	277,925
Transportation and communication	51,388	26,878
Claims (solicitors' fees, etc.)	1,736,864	2,249,325
Accident benefit claims expense	1,708,443	2,082,770
Other services	1,238,229	1,346,492
Bad debts expense	5,017,499	5,332,956
Supplies and equipment	11,558	15,707
Amortization expense	9,038	8,808
Total expenses	28,413,106	40,884,562
Excess of revenue over expenses	1,635,970	(11,155,782)
MVACF deficit, beginning of year (Note 3)	(157,036,707)	(145,880,925)
MVACF deficit, end of year	$ (155,400,737)	$ (157,036,707)

See accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

MOTOR VEHICLE ACCIDENT CLAIMS FUND
(Established under the Motor Vehicle Accident Claims Act)

	2014	2013
OPERATING ACTIVITIES		
Cash inflows		
Fees on issue or renewal of driver's licences	**$ 29,143,659**	$ 28,509,570
Repayment by debtors	**1,179,782**	1,133,398
Prior year recoveries	**1,412,802**	1,521,761
Other revenue	**14**	4,888
	31,736,257	31,169,617
Cash outflows		
Statutory payments	**(21,170,616)**	(27,557,623)
Payments to employees	**(1,994,587)**	(2,128,737)
Administrative expenses	**(5,117,713)**	(5,636,444)
	(28,282,916)	(35,322,804)
Net cash inflow (outflow) from operating activities	**3,453,341**	(4,153,187)
INVESTING ACTIVITIES		
Cash outflows		
Acquisition of computer equipment	**–**	(4,490)
Net cash outflow from investing activities	**–**	(4,490)
Net increase (decrease) in funds on deposit with the Ministry of Finance	**3,453,341**	(4,157,677)
Funds on deposit with the Ministry of Finance, beginning of year	**41,863,307**	46,020,984
Funds on deposit with the Ministry of Finance, end of year	**$ 45,316,648**	$ 41,863,307

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

1. STATUTORY AUTHORITY

The Motor Vehicle Accident Claims Fund (MVACF) operates under the authority of the *Motor Vehicle Accident Claims Act* (the *Act*), R.S.O. 1990, Chapter M.41 as amended.

2. MVACF OPERATIONS

MVACF is a program that was created on July 1, 1947 as the Unsatisfied Judgment Fund. Initially, MVACF was required to respond to victims of uninsured motorists and hit-and-run drivers who could not recover damages awarded by the courts from an automobile insurance company. MVACF legislation was amended in the early 1960s, in 1979 with the *Compulsory Automobile Insurance Act*, and in 1990 by the *Insurance Statute Law Amendment Act* which required MVACF to include in its statutory payments, accident benefits on a no-fault basis for the first time. Currently, MVACF responds to claims in the same fashion and with the same exclusions as automobile insurers in Ontario, and provides for two types of coverage: third-party bodily injury and property damage liability (collectively referred to as TPL), and statutory accident benefits or SABS in accordance with legislated requirements.

The coverage provided by MVACF is analogous to the minimum required coverage under the standard automobile policy (OAP 1) approved by the provincial regulator. Unlike insurance companies, MVACF does not cover claims where the accidents occur outside of Ontario, except in the case of accident benefits where the Ontario insurer is insolvent. In the cases of insurance company insolvencies where MVACF pays claims for accident benefits, MVACF has powers to assess the industry to recover for claims and adjustment expenses and also has claimant rights against the estate of the insolvent insurer.

MVACF operates administratively under the direction of the Financial Services Commission of Ontario (FSCO) and reimburses FSCO for the costs of the services it provides to MVACF.

The Lieutenant Governor in Council, having regard to the condition of MVACF and the amount paid out of MVACF during any period, may direct payment out of the Province's Consolidated Revenue Fund of such an amount as may be considered necessary or advisable to subsidize and fund MVACF's operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations (PSA-GNFPO) as issued by the Public Sector Accounting Board (PSAB) are summarized as follows:

a) Driver's Licence Fees and Deferred Revenue

MVACF earns a fee of $15.00 on the issuance or renewal of each driver's five-year licence. The income is earned on a pro-rata basis over the five-year term of the licence and the unearned portion is reflected as deferred revenue.

b) Accounts Receivable – Driver's Licence Fees

Under the *Act*, MVACF receives from the Ministry of Transportation and Serco DES a monthly internal transfer and payment representing the driver's licence fee prescribed by *Ontario Regulation 800*. Accordingly, unremitted licence fees are reported as accounts receivable.

c) Accounts Receivable – Debtors

MVACF maintains an accounts receivable portfolio, accumulated over the years as a result of judgments and claims assigned to the Minister of Finance. MVACF will pay damages to injured, not-at- fault victims who have no recourse to liability insurance, on behalf of defendant uninsured motorists. In accordance with the *Act*, these amounts are recoverable from the uninsured motorists. Total repayments received from defendant/debtors are reflected in the statement of cash flows.

The allowance for doubtful accounts is determined through a process that considers: the age of defendant/debtor, the defendant/debtor's current monthly installment required under the regulations, the amount paid out of MVACF, the activity on the account since the date of the judgment, and the financial status of the defendant/debtor.

The write-off process depends on established criteria that parallel the criteria established by the Ministry of Finance. These criteria are used to select a block of accounts as at the beginning of April that is reviewed by the collections staff. The Ministry of Finance, Internal Audit Section audits the work of the collections staff and provides a certificate of assurance to verify that the established criteria for the write-off have been met. The write-off transaction is authorized by an Order-In–Council (OIC) under the authority set out in the *Financial Administration Act*.

For March 31, 2014, a write-off of $ 10.0 million was submitted to the Ministry of Finance but has not yet been approved. A write-off of $4.5 million for March 31, 2013 was approved during the year, through an OIC. This write-off is recorded in the current year's financial statements and represents a reduction of the account receivable debtors and allowance for doubtful accounts. There is no impact in the current year statement of operations.

Accounts receivables-debtors and the allowance for doubtful accounts are adjusted on receipt of the OIC approving the write off.

d) Accounting Adjustment

The Net Funds Balance for 2012–13 has been restated to correct for an overstatement of accounts receivable – debtors and an understatement of the bad debt expense originating in fiscal 2010–11. Because these errors are not material to the financial statement for prior years, but correcting them in the

current year would have materially distorted the year's results, MVACF has corrected the errors by increasing the opening deficit by $948,484.

e) Prior Year Recoveries

Prior year recoveries are generated from three main sources: insurance recoveries, reversionary interest (Note 6) and recoveries of court costs. MVACF is required under the Statutory Accident Benefits Schedule (SABS) to satisfy the payment of accident benefits claims within specified periods. The timeframe does not allow for a complete investigation into available insurance coverage and in some instances information is withheld by police because of criminal investigations. Accordingly, when new information is available, MVACF may be required to pursue private insurers for recoveries.

From time to time MVACF may also be involved in the defense of uninsured motorists or the Superintendent of the FSCO, where the legal proceedings are deemed frivolous and MVACF is awarded costs by the courts.

Prior year recoveries are recorded in the period they are determined. In the current year $1.4 million (2013 - $1.5 million) recoveries were recorded but related to prior year claims.

f) Unpaid Claims and Adjustment Expenses

Unpaid claims and adjustment expenses represents the estimated amounts required to settle all unpaid claims, including an amount for unreported claims and claim expenses, and is gross of estimated recoveries and subrogation. Claim liabilities are established according to accepted actuarial practice in Canada as applied to public personal injury compensation plans. They do not reflect the time value of money, because MVACF reports no investment income.

The provision for unpaid claims and adjustment expenses consists of estimates that are necessarily subject to uncertainty, and the variability could be material in the near term. The estimates are selected from a range of possible outcomes and are adjusted up or down, as additional information becomes known during the course of loss settlement proceedings. The estimates are principally based on historical experience but variability can be caused by changes in judicial interpretations of contracts or significant changes in severity and frequency of claims from historical trends. All changes in estimates are recorded in the current period.

MVACF has obligations to pay certain fixed amounts to claimants on a recurring basis and has purchased annuities from life insurers to provide for those payments in the form of structured settlements. Note 6 contains additional analysis related to structured settlements.

Settlements occur when there is an irrevocable direction from MVACF to the life insurer to make all payments directly to the claimant. There are no rights under the non-commutable, non-assignable, non-transferable contract that would provide any current or future benefit to MVACF. MVACF remains liable to make payments only in the event that the life insurer fails and only to the extent that Assuris, the life insurance industry's insolvency compensation fund, will not cover payments due. The net risk to MVACF is any credit risk related to the life insurers. This credit risk is deemed nil at March 31, 2014 (2013 – nil) as all insurers are rated A+ or above. There exists the possibility of contingent gains based on the fact that MVACF has purchased insurance on some of the measured lives. Such amounts are described in Note 6 – Contingent Gains.

g) Use of Estimates

The preparation of financial statements in accordance with Canadian PSA-GNFPO requires that MVACF's management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from these estimates. The most significant estimates relate to the provision for unpaid claims and adjustment expenses, unpaid claims recoverable, contingent liabilities and employee future benefits.

h) Recognition of Contingent Assets and Liabilities

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

i) Employee Future Benefits Obligation

Prior to 2007, MVACF did not record the liabilities pertaining to the legislative severance and compensated absences components of its employee future benefits costs because these liabilities had been determined and recognized by the Province of Ontario (the Province) in its consolidated financial statements. While the Province continues to accrue for these costs each year and fund them annually when due, the Auditor General has requested and management has agreed that MVACF also recognize the liability for these costs in these financial statements.

ii) Employee Benefits

MVACF's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by MVACF's employees is recognized in the Province's consolidated financial statements.

These benefits are accounted for by MVACF as follows:

Employee Future Benefits Obligation

The costs of any legislated severance and unused vacation entitlements earned by employees are recognized when earned by eligible employees. Legislated severance is non-actuarially estimated based on one week's pay for every year of service for those employees with a minimum of five years of service. Additionally when employees are transferred in or out of MVACF within the Ministry the amount of their cumulative obligation is transferred and recognized as an expense or income in the year that the transfer occurs. The net impact in the current year has been included in the statement of operations within employees' benefits and represents an expense of $11,600 (2013 – $12,739).

Other Non-Pension Post-Employment Benefits

The cost of other non-pension post-employment benefits is determined and funded on an ongoing basis by the Ontario Ministry of Government Services and accordingly is not included in these financial statements.

4. CAPITAL ASSETS

Leasehold improvements, computer equipment, furniture and fixtures, and office equipment are carried at cost less accumulated amortization. MVACF provides for amortization on a straight-line basis over the term of the lease (for leasehold improvements) or over the useful life of the asset. Accordingly, leasehold improvements and furniture and fixtures are amortized over 5 years, while computer equipment and office equipment are amortized over 3 years.

(in dollars)	2014		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer equipment	**$ 30,153**	**$ 27,169**	**$ 2,984**
Office equipment	**7,406**	**7,152**	**254**
Furniture and fixtures	**16,416**	**16,416**	**–**
Leasehold improvements	**500,000**	**500,000**	**–**
	$553,975	**$ 550,737**	**$ 3,238**

(in dollars)	2013		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer equipment	$ 30,153	$ 18,386	$ 11,767
Office equipment	7,406	6,898	508
Furniture and fixtures	16,416	16,416	–
Leasehold improvements	500,000	500,000	–
	$ 553,975	$ 541,700	$ 12,275

5. UNPAID CLAIMS AND ADJUSTMENT EXPENSES

a) MVACF's unpaid claims and adjustment expenses and unpaid claims recoverable consist of the following:

	2014		2013	
(in thousands of dollars)	**Gross**	**Recoverable**	**Gross**	**Recoverable**
ACCIDENT BENEFITS				
Statutory accident benefits	**$ 95,899**	**–**	$ 92,291	$ –
THIRD-PARTY LIABILITY (TPL)				
Property damage	**878**	**5**	1,103	19
Bodily injury	**45,359**	**364**	49,862	1,199
Total TPL	**$ 46,237**	**369**	50,965	1,218
Totals	**$142,136**	**369**	$143,256	$ 1,218

b) The change in gross provision for unpaid claims and adjustment expenses is as follows:

(in thousands of dollars)	2014	2013
Balance, beginning of year	**$ 143,256**	$ 138,709
Increase (decrease) in provision for losses that occurred in prior years	**(2,003)**	7,562
Amounts paid during the year on claims of prior years		
Statutory payments	**(20,713)**	(27,214)
Claims expenses	**(6,228)**	(7,198)
Amounts paid during the year on claims of the current year		
Statutory payments	**(256)**	(459)
Claims expenses	**(77)**	(121)
Provision for losses on claims that occurred in the current year	**28,157**	31,977
Balance, end of year	**$ 142,136**	$ 143,256

6. CONTINGENT GAINS AND LIABILITIES

a) Contingent Gains

Some payments out of MVACF are in the form of structured settlements for accident benefit claims. These claims have guarantee periods ranging from 10 to 30 years and during this period the reversionary interest will be payable to Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance, should the claimant die.

Even though the range of probability that the claimant may die during the guarantee period is slight, MVACF nevertheless has calculated the approximate reversionary interest represented by insurance on the claimant lives as at March 31, 2014 for information purposes.

As at March 31, 2014, the amount paid out of MVACF for accident benefit claims in the form of structured settlements was approximately $50.1 million (2013 – $37.1 million) with applicable reversionary interest of approximately $37.3 million (2013 – $27.1 million).

b) Contingent Liabilities

In accordance with PSA-GNFPO, MVACF makes a provision for a liability when it's both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed annually and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Litigation is inherently unpredictable and it is possible that MVACF's financial position, cash flows or results of operations could be negatively affected by an unfavorable resolution to court decisions.

7. ROLE OF THE ACTUARY AND AUDITOR

The FSCO retains an independent actuary who acts as MVACF's actuary. The actuary's responsibility is to carry out an annual valuation of MVACF's liabilities, which include the provision for unpaid claims and adjustment expenses in accordance with accepted actuarial practice in Canada. In performing the valuation, the actuary makes assumptions as to the future rates of claims frequency and severity, inflation, recoveries, and expenses, taking into consideration the circumstances of MVACF. The actuary in his verification of the underlying data used in the valuation also makes use of the work of the external auditor. The actuary's report outlines the scope of his work and opinion.

The external auditors act under the direction of the Auditor General of Ontario pursuant to agreed terms of engagement. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with Canadian generally accepted auditing standards and report thereon to the Audit and Risk Committee of the FSCO. In carrying out their audit, the auditors also consider the work of the actuary and his report on the provision for unpaid claims and adjustment expenses. The auditors' report outlines the scope of their audit and their opinion.

8. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's financial statements.

Ontario

SUPERINTENDENT'S REPORT ON INSURANCE

2013

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SUPERINTENDENT'S REPORT ON INSURANCE 2013

The following information was obtained from the annual filings and, in the case of federally registered insurers, from the Office of the Superintendent of Financial Institutions. While every effort has been made to ensure the accuracy of this report, decisions should not be made solely on the information contained in it. Other sources should also be consulted. Any material changes to this information will be reported to the Minister of Finance and published in *The Ontario Gazette*.

The information is organized by type of insurer, and insurers are listed alphabetically within each group.

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LETTER TO MINISTER OF FINANCE

The Honourable Charles Sousa
Minister of Finance
7 Queen's Park Crescent
Toronto ON M7A 1Y7

Dear Minister:

I am pleased to present the 135th annual report under Section 36 of the Insurance Act for the year ended December 31, 2013. Prior to the creation of the Financial Services Commission of Ontario, this report was issued by the Superintendent of Insurance.

In addition to the information contained in this report, a listing of all licensed insurers is published each July in The Ontario Gazette. This list contains the names of the insurers, their addresses, telephone numbers, chief agents, and the classes for which they are licensed. During the year, information concerning newly licensed insurers and changes to existing licences is also published in Bulletins issued by the Financial Services Commission of Ontario. Any broker or member of the public can verify whether a particular insurer is licensed by calling our offices at 416-250-7250. This information is also available on the Commission's Internet site — www.fsco.gov.on.ca.

News releases and warning notices containing other information of public interest are made throughout the year. These announcements effectively reach a large number of Ontario residents. Information is also supplied to industry trade associations for inclusion in their publications to reach more specialized audiences. The Financial Services Commission of Ontario issues Bulletins as required to provide information to insurers and other individuals interested in the insurance industry.

Yours sincerely,

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

SUMMARY FINANCIAL INFORMATION

Ontario

SUMMARY OF COMPANIES LICENCED BY TYPE OF BUSINESS ACTIVITY

as of December 31, 2013, and December 31, 2012

Analysis of 2013 total

Business Type	Total 2012	Additions	Withdrawals	Total 2013	Ontario	Extra Provincial	Federal
Property & Casualty Companies	205	6	1	210	52	17	141
Life Insurance Companies	74	1	3	72	0	13	59
Reinsurance Companies	36	0	1	35	2	1	32
Reciprocal Exchanges	11	0	0	11	7	3	1
Fraternal Societies	15	0	0	15	2	0	13
Totals	**341**	**7**	**5**	**343**	**63**	**34**	**246**

Notes:

1 Companies writing both property & casualty and life business are listed under Life in the above summary. Their financial performance is shown separately by business type in the following report.

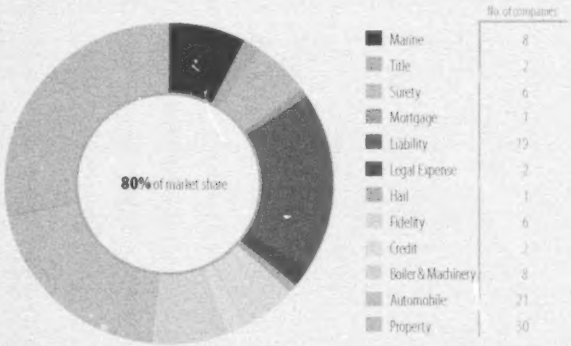
2 Branch operations are included in the Federal totals.

3 The Superintendent's Report 2013 records figures as of the end of the calendar year (December 31, 2013), based on the companies' annual filings. The Financial Services Commission of Ontario Annual Report 2013–2014 records figures as of the end of the fiscal year (March 31, 2014).

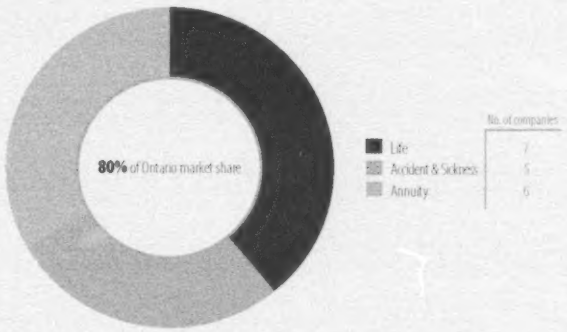
INSURER STATISTICS

TO GAUGE THE LEVEL OF COMPETITION, FSCO calculates how many companies represent 80 percent of the market for key products. These figures are based on individual companies rather than groups of affiliated companies.

2013 Property and Casualty Insurers
Number of companies representing 80% of market share



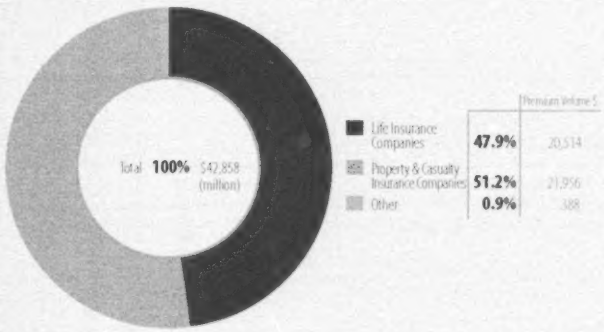
2013 Life Insurers
Number of companies representing 80% of the Ontario market share



PREMIUM STATISTICS

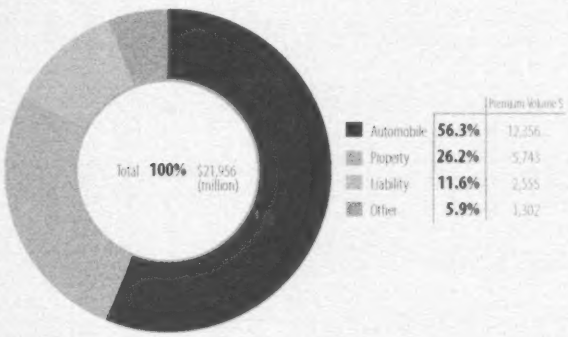
INSURANCE IS A $43 BILLION BUSINESS in Ontario. In 2013, of the the total premium dollar volume, 51.2 percent went to the property and casualty (including automobile) insurance industry and 47.9 percent went to the life insurance industry.

2013 Direct Premium Volume in Ontario


Total 100% $42,858 (million)
Life Insurance Companies 47.9% 20,514
Property & Casualty Insurance Companies 51.2% 21,956
Other 0.9% 388

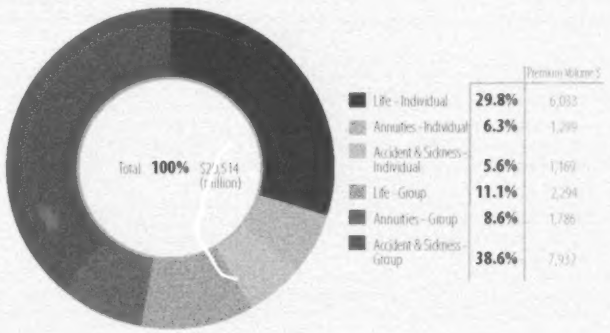
Property and casualty insurers received $22 billion in premiums in 2013. The split among automobile, property and liability insurance remained constant compared to 2012.

2013 Property & Casualty Insurance Companies Direct Written Premiums in Ontario by Line



The broad pattern among life insurance companies likewise remained constant. Of the $20.5 billion spent on premiums to the life insurers, 15 percent went to buy annuities, 41 percent to purchase individual and group life coverage and 44 percent to obtain accident and sickness insurance.

2013 Life Insurance Companies Direct Written Premiums in Ontario


Total 100% $20,514 (million)
Life - Individual 29.8% 6,033
Annuities - Individual 6.3% 1,299
Accident & Sickness - Individual 5.6% 1,169
Life - Group 11.1% 2,294
Annuities - Group 8.6% 1,786
Accident & Sickness - Group 38.6% 7,932

PROPERTY AND CASUALTY INSURANCE COMPANIES

FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)	ONTARIO BUSINESS		TOTAL COMPANY				
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
	$	$	$	$	$	%	$
ONTARIO							
ALGOMA MUTUAL INSURANCE COMPANY	10,375	6,742	23,932	17,602	6,330	60%	136
AMHERST ISLAND MUTUAL INSURANCE COMPANY	859	215	2,855	671	2,184	33%	125
AYR FARMERS' MUTUAL INSURANCE COMPANY	24,110	8,291	73,225	31,946	41,279	43%	4,326
BAY OF QUINTE MUTUAL INSURANCE CO.	21,940	14,574	54,515	25,083	29,432	50%	2,322
BERTIE AND CLINTON MUTUAL INSURANCE COMPANY	12,669	5,995	65,830	30,059	35,771	49%	2,247
BRANT MUTUAL INSURANCE COMPANY	6,211	3,182	18,305	11,353	6,952	51%	239
CAA INSURANCE COMPANY (ONTARIO)	195,988	117,201	495,571	376,080	119,491	59%	22,435
CARADOC DELAWARE MUTUAL FIRE INSURANCE COMPANY	1,925	706	8,771	1,826	6,945	46%	313
CAYUGA MUTUAL INSURANCE COMPANY	8,010	3,065	28,567	13,377	15,190	31%	2,041
COACHMAN INSURANCE COMPANY	58,130	38,119	215,097	158,949	56,148	58%	12,730
DUFFERIN MUTUAL INSURANCE COMPANY	5,645	3,032	27,396	21,278	6,118	39%	632
DUMFRIES MUTUAL INSURANCE COMPANY	13,996	4,471	54,265	24,441	29,824	39%	3,535
ERIE MUTUAL FIRE INSURANCE COMPANY	5,957	2,688	23,324	6,635	16,689	54%	29
FARMERS' MUTUAL INSURANCE COMPANY (LINDSAY)	95,353	56,536	279,997	171,519	108,478	59%	13,698
FENCHURCH GENERAL INSURANCE COMPANY	9,593	5,743	25,772	20,010	5,762	53%	-960
GERMANIA MUTUAL INSURANCE COMPANY	17,522	9,154	42,143	22,106	20,037	44%	2,629
GLENGARRY MUTUAL INSURANCE COMPANY	10,758	4,642	27,337	13,386	13,951	44%	1,432
GRENVILLE MUTUAL INSURANCE COMPANY	21,838	12,533	67,625	30,975	36,650	61%	1,393
GREY & BRUCE MUTUAL INSURANCE COMPANY	3,105	1,613	4,790	2,470	2,320	66%	-215
HALWELL MUTUAL INSURANCE COMPANY	17,107	10,737	59,309	32,668	26,641	62%	723
HAMILTON TOWNSHIP MUTUAL INSURANCE COMPANY	21,750	19,649	68,322	44,049	24,273	61%	763
HAY MUTUAL INSURANCE COMPANY	9,262	4,810	46,950	15,585	31,365	53%	1,483
HOWARD MUTUAL INSURANCE COMPANY	10,714	5,026	46,987	17,733	29,254	59%	1,784
HOWICK MUTUAL INSURANCE COMPANY (632)	14,451	7,053	32,950	21,366	11,584	62%	1,062

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
notes		$	$	$	$	$	%	$
	KENT & ESSEX MUTUAL INSURANCE COMPANY	23,943	10,277	79,290	39,057	40,233	54%	3,281
	L&A MUTUAL INSURANCE COMPANY	9,356	5,160	17,022	9,885	7,137	55%	816
	LAMBTON MUTUAL INSURANCE COMPANY	19,036	14,592	64,992	36,109	28,883	71%	51
	LANARK MUTUAL INSURANCE COMPANY	20,442	14,012	72,618	26,760	45,858	58%	1,614
	LAWYERS' PROFESSIONAL INDEMNITY COMPANY	113,266	99,057	645,436	455,561	189,875	91%	5,933
1	MARKHAM GENERAL INSURANCE COMPANY (IN LIQUIDATION)	0	0	0	0	0	n/a	0
	MAX CANADA INSURANCE COMPANY	5,324	2,390	22,630	15,628	7,002	54%	-214
	MCKILLOP MUTUAL INSURANCE COMPANY	8,634	6,805	22,775	10,794	11,981	81%	-231
	MIDDLESEX MUTUAL INSURANCE CO.	10,871	5,110	42,680	22,488	20,192	50%	2,147
	NORFOLK MUTUAL INSURANCE COMPANY	6,769	2,887	19,963	8,975	10,988	44%	948
	NORTH BLENHEIM MUTUAL INSURANCE COMPANY	9,347	3,709	27,672	9,815	17,857	44%	1,261
	NORTH KENT MUTUAL FIRE INSURANCE COMPANY	7,911	3,122	36,938	16,161	20,777	41%	1,247
	OXFORD MUTUAL INSURANCE COMPANY	11,293	3,782	30,913	15,012	15,901	44%	1,406
	PEEL MARYBOROUGH MUTUAL INSURANCE COMPANY	20,511	12,051	61,496	39,472	22,024	54%	1,934
	PEEL MUTUAL INSURANCE COMPANY	41,675	24,866	119,409	82,597	36,812	45%	6,740
	PRO-DEMNITY INSURANCE COMPANY	19,772	7,860	85,829	59,402	26,427	67%	347
	SOUTH EASTHOPE MUTUAL INSURANCE COMPANY	14,529	12,445	54,711	25,894	28,817	62%	1,912
	THE WEST WAWANOSH MUTUAL INSURANCE COMPANY	16,070	7,587	50,772	26,196	24,576	43%	3,371
	THE WESTMINSTER MUTUAL INSURANCE COMPANY	8,897	3,468	21,423	13,373	8,050	40%	1,053
	THE YARMOUTH MUTUAL FIRE INSURANCE COMPANY	9,037	4,066	22,838	11,020	11,818	54%	640
	TOWN & COUNTRY MUTUAL INSURANCE COMPANY	11,453	7,905	40,163	22,552	17,611	58%	1,266
	TOWNSEND FARMERS' MUTUAL FIRE INSURANCE COMPANY	7,381	1,860	20,081	10,413	9,668	61%	776
	TRADITION MUTUAL INSURANCE COMPANY	13,294	6,209	39,143	20,074	19,069	57%	1,646
	TRILLIUM MUTUAL INSURANCE COMPANY	38,502	17,538	99,232	51,272	47,960	49%	4,080

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
notes		$	$	$	$	$	%	$
2	TTC INSURANCE COMPANY LIMITED	0	0	144,866	144,766	100	n/a	0
	USBORNE AND HIBBERT MUTUAL FIRE INSURANCE COMPANY	5,751	3,764	38,905	6,925	31,980	73%	852
	WABISA MUTUAL INSURANCE COMPANY	7,580	3,595	23,560	15,153	8,407	54%	745
	WEST ELGIN MUTUAL INSURANCE COMPANY	11,269	9,416	45,851	23,046	22,805	66%	1,275
		1,069,181	**639,310**	**3,745,043**	**2,329,567**	**1,415,476**		**119,798**
	EXTRA PROVINCIAL							
	ALBERTA MOTOR ASSOCIATION INSURANCE COMPANY	75	0	592,227	450,277	141,950	86%	3,246
	AXA INSURANCE INC.	-1,276	-59,445	3,881,920	1,951,801	1,930,119	66%	111,631
	BELAIR INSURANCE COMPANY INC.	61,785	29,964	867,614	703,369	164,245	62%	27,821
	CANADIAN FARM INSURANCE CORP.	76	110	12,733	4,611	8,122	47%	1,715
3	CANASSURANCE INSURANCE COMPANY	0	0	0	0	0	n/a	0
	GMS INSURANCE INC.	7,764	2,999	24,070	12,624	11,446	51%	2,337
	INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION	9,378	2,972	243,519	202,638	40,881	21%	6,177
	LA MUTUELLE D'ÉGLISE DE L'INTER-OUEST	5	0	5,685	461	5,224	27%	32
	L'UNIQUE GENERAL INSURANCE INC.	724	149	333,062	267,658	65,404	65%	3,579
	MILLENNIUM INSURANCE CORPORATION	15,855	3,102	420,490	267,526	152,964	55%	27,088
	OPTIMUM INSURANCE COMPANY INC.	47,706	26,952	201,895	150,074	51,821	50%	5,834
	ORION TRAVEL INSURANCE COMPANY	0	0	23,060	6,949	16,111	51%	-8,733
	SGI CANADA INSURANCE SERVICES LTD.	132	191	252,236	129,763	122,473	76%	14,264
4	THE CANADIAN UNION INSURANCE COMPANY	0	0	0	0	0	n/a	0
	THE MUTUAL FIRE INSURANCE COMPANY OF BRITISH COLUMBIA	25	0	91,141	55,709	35,432	50%	4,717
	TRANS GLOBAL INSURANCE COMPANY	3,246	82	9,396	3,623	5,773	4%	967
	UNICA INSURANCE INC.	101,367	75,584	352,432	252,471	99,961	67%	4,992
		246,862	**82,660**	**7,311,480**	**4,459,554**	**2,851,926**		**205,667**
	FEDERAL							
	ACE INA INSURANCE	150,014	77,578	1,454,344	1,129,013	325,331	92%	10,119
	AIG INSURANCE COMPANY OF CANADA	336,994	173,661	4,608,844	3,329,633	1,279,211	59%	184,689
	ALLSTATE INSURANCE COMPANY OF CANADA	632,713	523,033	2,869,100	2,157,291	711,809	64%	122,877

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
Notes		$	$	$	$	$	%	$
5	ALTA SURETY COMPANY	0	0	0	0	0	n/a	0
	ARCH INSURANCE CANADA LTD.	37,731	61,773	465,889	366,719	99,170	134%	-37,686
	ASCENTUS INSURANCE LTD.	326	-572	9,716	6,290	3,426	30%	117
	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	7,007	4,941	177,346	106,329	71,017	88%	301
	AVIVA INSURANCE COMPANY OF CANADA	1,495,834	1,036,834	6,571,523	5,512,993	1,058,530	64%	93,442
	AXA INSURANCE (CANADA) AXA ASSURANCES (CANADA)	-2,699	-50,566	1,390,030	833,208	556,822	67%	26,211
	AXA PACIFIC INSURANCE COMPANY	1,421	-8,828	1,178,509	643,040	535,469	67%	26,619
	CANADA GUARANTY MORTGAGE INSURANCE COMPANY	67,540	442	720,586	347,019	373,567	18%	28,375
	CANADIAN NORTHERN SHIELD INSURANCE COMPANY	867	1,618	364,191	291,058	73,133	58%	5,093
	CERTAS DIRECT INSURANCE COMPANY	307,920	201,795	1,127,892	924,068	203,824	62%	41,045
	CERTAS HOME AND AUTO INSURANCE COMPANY	1,282	442	11,463	6,017	5,446	35%	392
	CHUBB INSURANCE COMPANY OF CANADA	348,125	236,500	2,361,289	1,654,778	706,511	75%	2,915
6	CONSTITUTION INSURANCE COMPANY OF CANADA	0	0	0	0	0	n/a	0
	CO-OPERATORS GENERAL INSURANCE COMPANY	772,920	663,543	5,048,985	3,666,895	1,382,090	71%	88,912
	COSECO INSURANCE COMPANY	157,956	149,654	593,145	462,056	131,089	88%	-1,674
	CUMIS GENERAL INSURANCE COMPANY	62,183	37,492	221,325	157,933	63,392	57%	15,492
	DAS LEGAL PROTECTION INSURANCE COMPANY LIMITED	1,611	828	11,500	6,946	4,554	56%	-3,971
	ECHELON GENERAL INSURANCE COMPANY	102,408	73,825	455,370	353,067	102,303	68%	7,897
	ECONOMICAL MUTUAL INSURANCE COMPANY	891,699	695,224	5,080,978	3,507,862	1,573,116	67%	87,747
	ELITE INSURANCE COMPANY	74,276	21,679	889,386	772,225	117,161	60%	19,978
	EVEREST INSURANCE COMPANY OF CANADA	13,432	10,417	117,106	61,750	55,356	123%	-6,531
	FCT INSURANCE COMPANY LTD.	58,140	14,648	235,913	155,536	80,377	21%	17,735
	FEDERATED INSURANCE COMPANY OF CANADA	66,907	43,298	465,064	334,160	130,904	55%	13,923
	FEDERATION INSURANCE COMPANY OF CANADA	1,356	2,891	497,193	367,535	129,658	67%	6,703
	FIRST NORTH AMERICAN INSURANCE COMPANY	3,136	682	10,103	3,886	6,217	14%	801

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY year ended December 31, 2013 (In thousands)		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
		$	$	$	$	$	%	$
	GENWORTH FINANCIAL MORTGAGE INSURANCE COMPANY CANADA	195,874	24,961	5,605,981	2,221,116	3,384,865	25%	394,698
	GORE MUTUAL INSURANCE COMPANY	279,958	188,553	842,661	607,509	235,152	64%	28,732
7	GRANITE INSURANCE COMPANY	0	0	0	0	0	n/a	0
	INTACT INSURANCE COMPANY	2,274,791	1,500,360	12,926,961	9,473,058	3,453,903	67%	172,282
	INTERNATIONAL INSURANCE COMPANY OF HANNOVER PLC	8,349	3,513	52,802	38,489	14,313	85%	387
	JEVCO INSURANCE COMPANY	93,070	85,316	1,083,745	865,450	218,295	67%	29,755
	LEGACY GENERAL INSURANCE COMPANY	6,378	1,824	15,813	-1,192	17,005	48%	647
	NORTHBRIDGE COMMERCIAL INSURANCE CORPORATION	74,346	57,826	588,380	436,074	152,306	70%	-19,790
	NORTHBRIDGE GENERAL INSURANCE CORPORATION	199,374	188,203	3,241,253	2,438,542	802,711	58%	33,607
	NORTHBRIDGE INDEMNITY INSURANCE COMPANY	19,024	26,683	636,720	477,156	159,564	63%	8,654
	NORTHBRIDGE PERSONAL INSURANCE CORPORATION	115,707	130,267	793,682	603,734	189,948	76%	2,008
	NOVEX INSURANCE COMPANY	177,112	116,572	866,814	650,941	215,873	67%	15,360
	OLD REPUBLIC INSURANCE COMPANY OF CANADA	58,183	46,934	233,289	179,834	53,455	73%	3,094
	OMEGA GENERAL INSURANCE COMPANY	9,113	5,673	38,437	28,173	10,264	51%	345
	PAFCO INSURANCE COMPANY	65,334	40,559	257,948	191,082	66,866	55%	18,592
	PEMBRIDGE INSURANCE COMPANY	167,057	105,599	517,520	382,996	134,524	68%	13,990
	PERTH INSURANCE COMPANY	90,539	42,637	440,275	364,958	75,317	67%	3,758
	PILOT INSURANCE COMPANY	-497	-58,274	641,072	580,449	60,623	-47%	18,070
	PMI MORTGAGE INSURANCE COMPANY CANADA	0	-85	36,651	94	36,557	-1%	7,153
	PRIMMUM INSURANCE COMPANY	302,221	284,651	1,951,449	1,684,381	267,068	95%	-64,065
	QUEBEC ASSURANCE COMPANY	0	0	115,233	90,949	24,284	70%	941
	RBC GENERAL INSURANCE COMPANY	441,366	310,992	1,366,860	1,081,289	285,571	72%	27,067
	RBC INSURANCE COMPANY OF CANADA	219,310	150,797	538,231	356,288	181,943	55%	40,205
	ROYAL & SUN ALLIANCE INSURANCE COMPANY OF CANADA	590,494	518,633	4,481,429	3,697,272	784,157	70%	30,786
	S & Y INSURANCE COMPANY	-122	-10,666	222,537	200,110	22,427	45%	7,016
	SAFETY NATIONAL CASUALTY CORPORATION	0	-1,679	48,735	27,084	21,651	n/a	4,690
	SCOTIA GENERAL INSURANCE COMPANY	0	0	7,179	47	7,132	n/a	-14
	SCOTTISH & YORK INSURANCE CO. LIMITED	139,353	46,457	725,008	640,590	84,418	63%	11,911

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
		$	$	$	$	$	%	$
	SECURITY NATIONAL INSURANCE COMPANY	1,013,061	1,861,352	7,052,098	5,791,549	1,260,549	97%	-368,151
8	TD DIRECT INSURANCE INC.	0	0	15,680	59	15,621	n/a	296
	TD GENERAL INSURANCE COMPANY	132,835	234,941	1,005,723	882,819	122,904	116%	-33,121
	TD HOME AND AUTO INSURANCE COMPANY	339,406	371,129	1,504,102	1,299,674	204,428	101%	-51,151
	TEMPLE INSURANCE COMPANY	68,435	87,120	867,097	735,842	131,255	67%	11,626
	THE BOILER INSPECTION AND INSURANCE COMPANY OF CANADA	12,903	6,685	191,489	109,866	81,623	32%	16,218
	THE DOMINION OF CANADA GENERAL INSURANCE COMPANY	970,079	754,963	3,527,031	2,711,250	815,781	76%	54,293
	THE GUARANTEE COMPANY OF NORTH AMERICA	227,851	219,830	1,349,846	870,896	478,950	71%	17,240
	THE MISSISQUOI INSURANCE COMPANY	59	2	509,160	377,685	131,475	67%	6,841
	THE NORDIC INSURANCE COMPANY OF CANADA	332,864	214,508	1,288,583	1,064,670	223,913	67%	32,026
	THE NORTH WATERLOO FARMERS MUTUAL INSURANCE COMPANY	87,939	41,245	180,311	122,389	57,922	55%	3,877
	THE PERSONAL INSURANCE COMPANY	497,422	323,454	1,902,759	1,568,283	334,476	62%	73,766
	THE PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY	47,225	35,329	443,131	313,676	129,455	75%	1,643
	THE SHIPOWNERS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATION (LUXEMBOUR	2,102	-418	43,422	20,570	22,852	52%	723
	THE SOVEREIGN GENERAL INSURANCE COMPANY	79,353	55,724	746,705	530,493	216,212	63%	12,476
	THE WAWANESA MUTUAL INSURANCE COMPANY	626,716	517,613	7,211,781	4,451,522	2,760,259	78%	84,384
	TRADERS GENERAL INSURANCE COMPANY	282,526	168,018	1,399,557	1,233,711	165,846	64%	24,742
	TRAFALGAR INSURANCE COMPANY OF CANADA	162,564	123,204	781,178	597,694	183,484	67%	17,885
	TRAVELERS INSURANCE COMPANY OF CANADA	64,064	-13,449	872,530	434,106	438,424	-4%	61,090
	TRISURA GUARANTEE INSURANCE COMPANY	32,625	5,069	161,344	107,027	54,317	23%	6,436
	UNIFUND ASSURANCE COMPANY	533,546	437,936	2,001,643	1,682,222	319,421	79%	-6,181
	WATERLOO INSURANCE COMPANY	110,174	68,525	422,392	345,416	76,976	67%	3,841
	WESTERN ASSURANCE COMPANY	167,879	98,288	839,293	728,084	111,209	70%	4,406
	WESTERN FINANCIAL INSURANCE COMPANY	20,943	13,115	48,778	27,962	20,816	57%	1,787

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY year ended December 31, 2013 ($ thousands)		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
notes		$	$	$	$	$	%	$
	WESTERN SURETY COMPANY	4,211	3,420	51,354	29,160	22,194	21%	959
	WYNWARD INSURANCE GROUP	15,615	10,100	120,333	81,646	38,687	53%	5,253
	ZENITH INSURANCE COMPANY	57,845	42,516	246,980	192,834	54,146	82%	-3,913
		17,007,675	**13,459,357**	**109,997,755**	**80,784,885**	**29,212,870**		**1,520,691**
	BRANCH							
	AFFILIATED FM INSURANCE COMPANY	36,893	58,170	304,949	178,166	126,783	113%	-11,846
	ALLIANZ GLOBAL RISKS US INSURANCE COMPANY	94,290	80,320	975,718	721,590	254,128	98%	-17,305
	ALLSTATE INSURANCE COMPANY	0	0	7,295	936	6,359	n/a	-163
	AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA	166,884	36,026	537,909	391,413	146,496	38%	5,923
9	ARCH INSURANCE COMPANY	0	0	0	0	0	n/a	0
	ATRADIUS CREDIT INSURANCE N.V.	2,401	-50	20,380	12,787	7,593	51%	-959
10	AXA ART INSURANCE CORPORATION	0	0	0	0	0	n/a	0
	BERKLEY INSURANCE COMPANY	22,420	16,270	198,479	130,932	67,547	81%	-13,551
	CHEROKEE INSURANCE COMPANY	3,802	3,366	18,597	8,091	10,506	91%	213
	CHICAGO TITLE INSURANCE COMPANY	14,328	4,993	54,475	26,428	28,047	35%	2,999
	COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE EXTERIEUR	7,872	2,210	79,862	30,312	49,550	23%	5,548
	CONTINENTAL CASUALTY COMPANY	109,931	60,541	1,191,440	765,349	426,091	66%	33,283
	COREPOINTE INSURANCE COMPANY	20	3,159	21,151	5,298	15,853	-741%	646
	DARWIN NATIONAL ASSURANCE COMPANY	341	43	22,817	1,569	21,248	71%	-1,303
	ECCLESIASTICAL INSURANCE OFFICE PUBLIC LIMITED COMPANY	25,052	10,670	168,003	105,436	62,567	65%	135
	ELECTRIC INSURANCE COMPANY	3,218	2,861	62,268	25,349	36,919	95%	174
	EMPLOYERS INSURANCE COMPANY OF WAUSAU	0	-66	34,129	2,623	31,506	n/a	621
	EULER HERMES NORTH AMERICA INSURANCE COMPANY	20,320	5,664	97,931	53,199	44,732	58%	1,633
	FACTORY MUTUAL INSURANCE COMPANY	78,249	27,980	890,628	401,601	489,027	41%	110,966
	FEDERAL INSURANCE COMPANY	622	453	164,839	78,639	86,200	24%	6,465
11	FIDELITY NATIONAL TITLE INSURANCE COMPANY	0	0	0	0	0	n/a	0
	FIRST AMERICAN TITLE INSURANCE COMPANY	17,209	1,187	77,404	31,672	45,732	15%	11,271
	GENERAL REINSURANCE CORPORATION	0	0	514,427	342,412	172,015	50%	12,775

Ontario

		ONTARIO BUSINESS		TOTAL COMPANY				
	FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
		$	$	$	$	$	%	$
	GREAT AMERICAN INSURANCE COMPANY	19,620	7,199	265,788	120,351	145,437	30%	11,562
	GROUPAMA S.A.	0	-4	10,534	319	10,215	-2976%	1,219
	HARTFORD FIRE INSURANCE COMPANY	4,616	878	167,882	33,177	134,705	27%	6,824
12	IRONSHORE INSURANCE LTD.	0	0	0	0	0	n/a	0
	HDI-GERLING INDUSTRIE VERSICHERUNG AG	9,946	4,109	102,282	80,976	21,306	47%	388
	JEWELERS MUTUAL INSURANCE COMPANY	3,793	1,127	14,105	5,551	8,554	48%	1,108
	LIBERTY MUTUAL INSURANCE COMPANY	89,691	48,124	1,508,023	846,885	661,138	67%	35,932
	LLOYD'S UNDERWRITERS	598,321	435,001	7,380,710	5,268,975	2,111,735	59%	485,301
	MITSUI SUMITOMO INSURANCE COMPANY, LIMITED	11,848	13,908	98,112	56,950	41,162	74%	1,031
	MOTORS INSURANCE CORPORATION	79,851	62,131	645,317	367,490	277,827	56%	31,237
	MUNICH REINSURANCE AMERICA, INC.	0	-340	204,386	103,865	100,521	151%	-2,057
	NATIONAL LIABILITY & FIRE INSURANCE COMPANY	3,949	2,140	409,814	173,279	236,535	-13%	50,854
	NIPPONKOA INSURANCE COMPANY, LIMITED	768	77	36,447	2,826	33,621	-1%	1,238
13	PROGRESSIVE CASUALTY INSURANCE COMPANY	0	-413	11,003	3,223	7,780	1044%	-17
	PROTECTIVE INSURANCE COMPANY	1,463	2,270	20,743	7,680	13,063	139%	-766
14	RELIANCE INSURANCE COMPANY	0	0	0	0	0	n/a	0
	SECURITY INSURANCE COMPANY OF HARTFORD	0	-1,054	53,350	12,291	41,059	n/a	1,250
	SENTRY INSURANCE A MUTUAL COMPANY	932	93	38,693	6,210	32,483	14%	1,460
	SOMPO JAPAN INSURANCE INC.	3,478	924	51,884	8,751	43,133	43%	1,575
	ST. PAUL FIRE AND MARINE INSURANCE COMPANY	54,767	24,032	1,268,827	615,076	653,751	42%	40,338
	STATE FARM FIRE AND CASUALTY COMPANY	441,833	246,485	1,455,759	701,604	754,155	58%	86,491
	STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	1,121,789	881,856	6,920,652	5,246,143	1,674,509	81%	157,469
	STEWART TITLE GUARANTY COMPANY	74,880	14,473	213,936	92,688	121,248	19%	18,625
	SUNDERLAND MARINE MUTUAL INSURANCE COMPANY	544	73	52,931	39,391	13,540	59%	-629
	T.H.E. INSURANCE COMPANY	376	476	4,214	1,162	3,052	190%	-598
	THE AMERICAN ROAD INSURANCE COMPANY	1,934	1,002	21,009	457	20,552	92%	313
15	TIG INSURANCE COMPANY	0	92	20,540	3,069	17,471	n/a	-185
	TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	15,047	9,348	133,438	66,292	67,146	50%	5,122

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
rank		$	$	$	$	$	%	$
	TRITON INSURANCE COMPANY	14,584	2,686	163,794	80,048	83,746	20%	23,348
16	UTICA MUTUAL INSURANCE COMPANY	0	6	3,507	56	3,451	n/a	-194
	VIRGINIA SURETY COMPANY, INC.	14,055	9,701	51,661	31,869	19,792	103%	-2,659
	WESTPORT INSURANCE CORPORATION	29,156	21,203	679,386	579,714	99,672	58%	2,494
	XL INSURANCE COMPANY LIMITED	50,981	52,782	666,603	449,009	217,594	104%	-16,247
	XL REINSURANCE AMERICA INC.	10,684	921	405,485	258,937	146,548	63%	4,827
	ZURICH INSURANCE COMPANY LTD	369,748	270,093	3,115,812	2,480,345	635,467	73%	38,697
		3,632,506	**2,425,196**	**31,639,328**	**21,058,461**	**10,580,867**		**1,132,876**
	TOTAL	**21,956,224**	**16,606,523**	**152,693,606**	**108,632,467**	**44,061,139**		**2,979,032**

LIFE INSURANCE COMPANIES

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	FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)	ONTARIO BUSINESS		TOTAL COMPANY			
		Direct Written Premiums	Benefits and payments to policyholders	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Net Income/ (Loss)
		$	$	$	$	$	$
	EXTRA PROVINCIAL						
	ACADIA LIFE	25	8	106,828	68,362	38,466	2,875
	ASSUMPTION MUTUAL LIFE INSURANCE COMPANY	21,027	6,179	1,329,674	1,233,530	96,144	6,589
17	CANASSURANCE INSURANCE COMPANY	26,903	13,418	393,774	66,783	326,991	20,412
	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	682,203	492,642	26,445,223	24,200,767	2,244,456	
	FIRST CANADIAN INSURANCE CORPORATION	26,629	2,154	492,852	299,518	193,334	24,524
	HUMANIA ASSURANCE INC.	1,762	937	399,924	348,471	51,453	3,984
	INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.	1,118,864	815,484	41,504,322	37,847,168	3,657,154	385,500
	LA CAPITALE INSURANCE AND FINANCIAL SERVICES INC.	112,610	60,337	906,662	773,847	132,815	8,232
	LS-TRAVEL INSURANCE COMPANY	5,156	2,385	16,209	10,373	5,836	-128
	NATIONAL BANK LIFE INSURANCE COMPANY	11,311	2,906	172,665	99,442	73,223	37,597
	SSQ, LIFE INSURANCE COMPANY INC.	213,817	126,636	8,631,215	8,267,343	363,872	37,965
	THE UNION LIFE MUTUAL ASSURANCE COMPANY (UNION LIFE)						
	TRANS GLOBAL LIFE INSURANCE COMPANY	1,497	127	8,997	2,420	6,577	710
		2,221,804	**1,523,213**	**80,408,345**	**73,218,024**	**7,190,321**	**528,260**
	FEDERAL						
	ACE INA LIFE INSURANCE	75,941	21,938	196,797	90,188	106,609	12,154
	ALLSTATE LIFE INSURANCE COMPANY OF CANADA	0	0	3,743	16	3,727	-9
	ASSURANT LIFE OF CANADA	110,563	43,676	1,323,881	1,232,861	91,020	10,765
	BMO LIFE ASSURANCE COMPANY	454,577	228,799	6,945,880	6,162,016	783,864	91,111
	BMO LIFE INSURANCE COMPANY	10,183	1,018	696,777	123,129	573,648	15,284
	CANADIAN PREMIER LIFE INSURANCE COMPANY	81,219	19,418	206,967	123,742	83,225	15,237
	CIBC LIFE INSURANCE COMPANY LIMITED	20,854	5,353	74,671	-95,618	170,289	18,189
	CIGNA LIFE INSURANCE COMPANY OF CANADA	0	1,466	63,343	28,318	35,025	11,693
	COMPCORP LIFE INSURANCE COMPANY	0	0	10,000	570	9,430	-59
	CO-OPERATORS LIFE INSURANCE COMPANY	233,304	144,880	5,022,988	4,159,471	863,517	-10,582
18	CT FINANCIAL ASSURANCE COMPANY	0	0	0	0	0	0
	CUMIS LIFE INSURANCE COMPANY	60,666	31,018	1,186,344	928,192	258,152	9,916
	FORESTERS LIFE INSURANCE COMPANY	82,855	70,152	1,406,072	1,260,949	145,123	3,363
19	GIRAFFE & FRIENDS LIFE INSURANCE COMPANY	0	0	8,667	172	8,495	-859
20	LA CAPITALE FINANCIAL SECURITY INSURANCE COMPANY	27,013	11,661	490,442	370,018	120,424	12,970
	LONDON LIFE INSURANCE COMPANY	1,287,373	1,307,622	75,773,502	72,188,680	3,584,822	694,823
	MANULIFE CANADA LTD.	0	0	0	0	0	0
	MD LIFE INSURANCE COMPANY	0	0	3,301,113	3,287,787	13,326	3,048
	PRIMERICA LIFE INSURANCE COMPANY OF CANADA	134,779	50,234	2,810,019	2,508,221	301,798	78,223
	RBC LIFE INSURANCE COMPANY	538,838	333,951	9,242,535	7,738,278	1,504,257	-23,930
	RELIABLE LIFE INSURANCE COMPANY	32,455	17,562	55,428	22,791	32,637	1,475
	SCOTIA LIFE INSURANCE COMPANY	21,432	2,491	99,025	-56,873	155,898	36,820
	SUN LIFE ASSURANCE COMPANY OF CANADA	4,113,255	3,367,133	166,055,847	153,214,776	12,841,071	1,269,401

	FINANCIAL SUMMARY year ended December 31, 2013 ($ in thousands)	ONTARIO BUSINESS		TOTAL COMPANY			
		Direct Written Premiums	Benefits and payments to policyholders	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Net Income/ (Loss)
		$	$	$	$	$	$
	SUN LIFE INSURANCE (CANADA) LIMITED	103,256	13,644	14,091,582	12,637,223	1,454,359	179,002
	TD LIFE INSURANCE COMPANY	45,506	12,184	94,047	41,275	52,772	2,956
	THE CANADA LIFE ASSURANCE COMPANY	1,906,552	1,507,172	41,738,659	33,633,242	8,105,417	1,153,620
	THE EMPIRE LIFE INSURANCE COMPANY	434,321	308,114	11,797,842	10,841,744	956,098	111,347
	THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA	285,056	177,198	3,036,371	2,639,702	396,669	58,550
	THE GREAT-WEST LIFE ASSURANCE COMPANY	2,569,269	2,051,940	47,765,168	31,152,726	16,612,442	2,243,886
	THE MANUFACTURERS LIFE INSURANCE COMPANY	4,505,488	3,766,172	147,325,147	114,422,555	32,902,592	3,398,859
	THE STANDARD LIFE ASSURANCE COMPANY OF CANADA	460,570	527,077	46,784,711	44,570,865	2,213,846	231,166
	THE WAWANESA LIFE INSURANCE COMPANY	27,980	18,164	924,897	792,312	132,585	5,080
	TRANSAMERICA LIFE CANADA	261 `20	210,974	9,898,068	8,691,894	1,206,174	133,337
	VSP CANADA VISION CARE INSURANCE	47	62	9,887	536	9,351	-704
	WESTERN LIFE ASSURANCE COMPANY	44,856	8,570	170,434	123,150	47,284	8,113
		17,929,528	**14,259,643**	**598,610,854**	**512,834,908**	**85,775,946**	**9,774,245**
	BRANCH						
	AETNA LIFE INSURANCE COMPANY	1,228	814	66,047	12,788	53,259	2,724
	ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA	18	90	76,056	35,908	40,148	2,017
	AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA	112,855	11,198	182,558	111,078	71,480	6,431
	AMERICAN HEALTH AND LIFE INSURANCE COMPANY	4,173	1,002	33,826	15,524	18,302	7,006
	AMERICAN INCOME LIFE INSURANCE COMPANY	28,872	5,555	224,955	116,831	108,124	44,396
	AXA EQUITABLE LIFE INSURANCE COMPANY	27	35	87,497	25,904	61,593	9,980
	CMFG LIFE INSURANCE COMPANY	94	263	1,910	50	1,860	-771
	COMBINED INSURANCE COMPANY OF AMERICA	38,522	12,756	775,405	364,162	411,243	83,339
	CONNECTICUT GENERAL LIFE INSURANCE COMPANY	2,792	1,180	126,719	93,112	33,607	17,313
	GERBER LIFE INSURANCE COMPANY	1,628	289	35,900	22,276	13,624	291
	HARTFORD LIFE INSURANCE COMPANY	0	0	9,964	4,165	5,799	186
	LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	332	211	14,908	2,081	12,827	502
	LIFE INSURANCE COMPANY OF NORTH AMERICA	3,705	3,979	56,620	26,103	30,517	1,083
	MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	0	0	0	0	0	0
21	METROPOLITAN LIFE INSURANCE COMPANY	0	0	102,606	297	102,309	4,704
	NEW YORK LIFE INSURANCE COMPANY	32,481	32,367	403,702	127,315	276,387	20,223
22	PAVONIA LIFE INSURANCE COMPANY OF MICHIGAN	6,318	1,997	83,337	38,978	44,359	-3,608
23	PHOENIX LIFE INSURANCE COMPANY	0	0	0	0	0	0
	PRINCIPAL LIFE INSURANCE COMPANY	157	283	10,263	7,323	2,940	93
	REASSURE AMERICA LIFE INSURANCE COMPANY	3	27	8,806	6,388	2,418	-565
	STANDARD LIFE ASSURANCE LIMITED	9,057	23,753	1,536,845	1,530,389	6,456	78
	STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD	120,597	65,494	1,485,357	1,171,119	314,238	52,243
	THE STANDARD LIFE ASSURANCE COMPANY 2006	0	0	2,630	1,297	1,333	9
	UNITED AMERICAN INSURANCE COMPANY	178	193	13,090	4,087	9,003	326
		363,037	**161,486**	**5,339,001**	**3,717,175**	**1,621,826**	**248,000**
	TOTAL	**20,514,369**	**15,944,342**	**684,358,200**	**589,770,107**	**94,588,093**	**10,550,505**

REINSURANCE COMPANIES

FINANCIAL SUMMARY year ended December 31, 2013 (in thousands) This table lists only those companies which are licensed solely for the business of reinsurance	ONTARIO BUSINESS		TOTAL COMPANY				
	Premiums Assumed	Net Losses Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
	$	$	$	$	$	%	$
ONTARIO							
FARM MUTUAL REINSURANCE PLAN INC.	128,476	52,910	772,414	489,155	283,259	59%	39,065
GLOBAL REINSURANCE COMPANY	2	-146	45,588	33,820	11,768	-246%	697
	128,478	**52,764**	**818,002**	**522,975**	**295,027**		**39,762**
EXTRA PROVINCIAL							
OPTIMUM REASSURANCE INC.	53,844	8,850	2,184,285	2,110,533	73,752	n/a	9,660
FEDERAL							
ASPEN INSURANCE UK LIMITED	9,470	-40	418,186	288,043	130,143	15%	9,822
AURIGEN REINSURANCE COMPANY	40,850	14,773	193,422	131,477	61,945	n/a	-7,809
MUNICH REINSURANCE COMPANY OF CANADA	90,322	71,386	1,252,759	978,949	273,810	65%	39,112
PARTNER REINSURANCE COMPANY OF THE U.S.	26,745	15,747	702,174	461,534	240,640	60%	10,434
RGA LIFE REINSURANCE COMPANY OF CANADA	347,243	50,118	6,005,186	5,190,327	814,859	n/a	92,082
SCOR CANADA REINSURANCE COMPANY	46,811	20,862	686,048	535,646	150,402	68%	14,161
SUECIA REINSURANCE COMPANY	0	-40	9,322	3,656	5,666	n/a	-223
THE CANADA LIFE INSURANCE COMPANY OF CANADA	598,493	403,319	10,529,513	9,672,349	857,164	n/a	81,151
THE MORTGAGE INSURANCE COMPANY OF CANADA	0	-29	18,192	4,162	14,030	-12%	3,583
	1,159,934	**576,096**	**19,814,802**	**17,266,143**	**2,548,659**		**242,313**
BRANCH							
ALEA (BERMUDA) LTD.	53	25	24,146	12,861	11,285	-471%	910
AMERICAN AGRICULTURAL INSURANCE COMPANY	9,809	7,957	85,773	39,631	46,142	137%	-5,524
AXIS REINSURANCE COMPANY	4,890	12,527	259,069	212,970	46,099	80%	-5,614
CAISSE CENTRALE DE RÉASSURANCE	15,702	10,874	240,293	180,769	59,524	75%	737
COLISEE RE.	-36	-4,677	211,369	148,276	63,093	n/a	6,929
CONVERIUM REINSURANCE (NORTH AMERICA) INC.	0	0	0	0	0	n/a	0
EMPLOYERS REASSURANCE CORPORATION	0	0	0	0	0	n/a	0
EVEREST REINSURANCE COMPANY	88,133	13,659	1,079,506	728,377	351,129	35%	35,852
GENERAL AMERICAN LIFE INSURANCE COMPANY	102,754	79,698	1,929,332	948,159	981,173	n/a	30,082
GENERAL RE LIFE CORPORATION	371	-42	14,591	1,834	12,757	n/a	1,440
HANNOVER RÜCK SE	139,770	48,121	1,073,384	697,884	375,500	80%	14,119
MUNICH REINSURANCE COMPANY	4,898,819	3,670,990	4,991,456	2,221,401	2,770,055	n/a	244,728

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY year ended December 31, 2013 (in thousands) This table lists only those companies which are licensed solely for the business of reinsurance		Premiums Assumed	Net Losses Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
		$	$	$	$	$	%	$
24	NATIONWIDE MUTUAL INSURANCE COMPANY	0	0	0	0	0	n/a	0
25	NRG VICTORY REINSURANCE LIMITED	0	0	0	0	0	n/a	0
	ODYSSEY REINSURANCE COMPANY	28,201	27,988	399,870	233,758	166,112	102%	-5,066
	PARTNER REINSURANCE COMPANY LTD.	7,176	4,298	186,715	113,480	73,235	n/a	-584
	PARTNER REINSURANCE EUROPE SE	14,350	8,600	329,540	271,320	58,220	n/a	3,135
	RELIASTAR LIFE INSURANCE COMPANY	28	0	46,157	14,460	31,697	n/a	4,688
	SCOR GLOBAL LIFE	32,780	22,278	488,378	274,392	213,986	n/a	51,563
	SIRIUS AMERICA INSURANCE COMPANY	2,705	2,674	90,462	40,387	50,075	51%	2,328
	SWISS REINSURANCE COMPANY LTD	557,507	37,323	8,717,337	6,343,681	2,373,656	46%	56,038
	THE TOA REINSURANCE COMPANY OF AMERICA	27,198	21,773	300,445	222,141	78,304	83%	2,718
	TRANSATLANTIC REINSURANCE COMPANY	33,369	23,703	587,788	291,299	296,489	83%	9,955
		5,963,579	**3,987,769**	**21,055,611**	**12,997,080**	**8,058,531**		**448,434**
	TOTAL	**7,305,835**	**4,625,479**	**43,872,700**	**32,896,731**	**10,975,969**		**740,169**

RECIPROCAL OR INTERINSURANCE EXCHANGES

FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)	ONTARIO BUSINESS		TOTAL COMPANY				
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ (Loss)
notes	$	$	$	$	$	%	$
ONTARIO							
CANADIAN UNIVERSITIES RECIPROCAL INSURANCE EXCHANGE	11,840	3,440	139,020	67,688	71,332	48%	12,338
COMMUNITY NEWSPAPERS RECIPROCAL INSURANCE EXCHANGE	89	38	628	180	448	30%	-19
HEALTHCARE INSURANCE RECIPROCAL OF CANADA	133,240	120,890	1,075,664	704,684	370,980	89%	41,100
MUNICIPAL ELECTRIC ASSOCIATION RECIPROCAL INSURANCE EXCHANGE	11,646	8,924	87,286	30,192	57,094	46%	4,706
ONTARIO MUNICIPAL INSURANCE EXCHANGE	20,312	51,252	157,994	148,499	9,495	113%	-4,744
ONTARIO SCHOOL BOARDS' INSURANCE EXCHANGE	40,165	34,176	227,353	147,186	80,167	77%	11,169
POULTRY INSURANCE EXCHANGE RECIPROCAL OF CANADA	2,138	0	5,125	2,249	2,876	0%	313
	219,430	**218,720**	**1,693,070**	**1,100,678**	**592,392**		**64,863**
EXTRA PROVINCIAL							
CANADIAN AIRPORTS RECIPROCAL INSURANCE EXCHANGE (CARIE)	241	11	5,742	2,355	3,387	66%	-78
CANADIAN EGG INDUSTRY RECIPROCAL ALLIANCE	0	0	10,345	1,912	8,433	27%	1,648
CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY	8,531	2,681	95,037	81,852	13,185	-6%	1,401
	8,772	**2,692**	**111,124**	**86,119**	**25,005**		**2,971**
BRANCH							
LUMBERMEN'S UNDERWRITING ALLIANCE	0	-1,081	13,067	320	12,747	n/a	1,447
TOTAL	**228,202**	**220,331**	**1,817,261**	**1,187,117**	**630,144**		**69,281**

FRATERNAL SOCIETIES

FINANCIAL SUMMARY year ended December 31, 2013 (in thousands)	ONTARIO BUSINESS		TOTAL COMPANY			
	Direct Written Premiums	Benefits and payments to policyholders	Total Assets	Total Liabilities	Excess of assets over liabilities	Net Income / (loss)
	$	$	$	$	$	$
ONTARIO						
GUARANTEED FUNERAL DEPOSITS OF CANADA (FRATERNAL)	35,333	34,992	285,313	281,641	3,672	-1,282
TORONTO POLICE WIDOWS AND ORPHANS FUND	1,754	2,558	89,949	80,846	9,103	772
	37,087	**37,550**	**375,262**	**362,487**	**12,775**	**-510**
FEDERAL						
ACTRA FRATERNAL BENEFIT SOCIETY	8,808	5,471	612,931	591,423	21,508	-381
FAITHLIFE FINANCIAL	11,621	14,730	451,729	412,984	38,745	-247
SONS OF SCOTLAND BENEVOLENT ASSOCIATION	1,160	725	14,578	11,493	3,085	-194
TEACHERS LIFE INSURANCE SOCIETY (FRATERNAL)	12,006	4,895	64,253	51,045	13,208	932
THE GRAND ORANGE LODGE OF BRITISH AMERICA	1,157	917	25,251	20,908	4,343	-243
THE INDEPENDENT ORDER OF FORESTERS	17,839	15,721	2,198,971	1,964,521	234,450	8,676
THE ORDER OF ITALO-CANADIANS	11	750	534	31	503	-87
UKRAINIAN FRATERNAL SOCIETY OF CANADA	12	40	10,066	8,492	1,574	-263
	52,614	**43,249**	**3,378,313**	**3,060,897**	**317,416**	**8,193**
BRANCH						
CROATIAN FRATERNAL UNION OF AMERICA	380	322	13,672	11,755	1,917	-73
KNIGHTS OF COLUMBUS	68,828	40,706	3,019,301	2,180,881	838,420	19,379
THE ROYAL ARCANUM, SUPREME COUNCIL OF	415	413	13,817	7,895	5,922	1,338
UKRAINIAN NATIONAL ASSOCIATION	35	79	8,568	5,637	2,931	487
UNITED COMMERCIAL TRAVELERS OF AMERICA, ORDER OF	62	62	4,858	3,076	1,782	248
	69,720	**41,582**	**3,060,216**	**2,209,244**	**850,972**	**21,379**
TOTAL	**159,421**	**122,381**	**6,813,791**	**5,632,628**	**1,181,163**	**29,062**

FINANCIAL SUMMARY NOTES

Ontario

1 No financial information was reported for Markham General Insurance Company in 2013. The company was ordered into liquidation effective July 24, 2002.

2 The company's licence is limited to automobile risks of Toronto Transit Commission.

3 No financial information regarding property & casualty insurance was received for Canassurance Insurance Company in 2013.

4 No financial information was received for the Canadian Union Insurance Company in 2013. Company was in the process of winding down.

5 No financial information was reported for Alta Surety Company in 2013. Company has been in liquidation since June 2002.

6 The company has a licence condition not to undertake or renew insurance contracts in Ontario after October 25, 1993.

7 No financial information was reported for Granite Insurance Company in 2013. Company has been inactive since November 1992.

8 The company has a licence condition not to undertake or renew insurance contracts in Ontario after May 30, 1995.

9 No financial information was reported for Arch Insurance Company in 2013. Company was in the process of winding down.

10 No financial information was reported for AXA Art Insurance Corporation in 2013. Company became licenced in Ontario as of October 31st, 2013.

11 No financial information was reported in 2013 for Fidelity National Title Insurance Company. Company is in process of winding down.

12 No financial information was reported for Ironshore Insurance Ltd. in 2013. Company became licenced in Ontario as of December 6th, 2013.

13 The company has a licence condition not to undertake or renew insurance contracts in Ontario after January 9, 2006.

14 No financial information was reported for Reliance Insurance Company in 2013 Company has been in liquidation since August 2001.

15 The company has a licence condition not to undertake or renew insurance contracts in Ontario after June 20, 2007.

16 The company has a licence condition not to undertake or renew insurance contracts in Ontario after November 20, 2006.

17 Company is licenced to write both life and property and casualty insurance.

18 No financial information was reported for CT Financial Assurance Company in 2013.

19 The former name of Giraffe & Friends Life Insurance Company was the Provenance Life Insurance Company.

20 The former name of La Capitale Financial Security Insurance Company was Penncorp Life Insurance Company.

21 The company has a licence condition not to undertake or renew insurance contracts in Ontario after March 9, 2006.

22 The former name of Pavonia Life Insurance Company of Michigan was Household Life Insurance Company.

23 No financial information was received in 2012 for Phoenix Life Insurance Company.

24 The company has a licence condition not to undertake or renew insurance contracts in Ontario after March 27, 2006.

25 No financial information was received for NRG Victory Reinsurance Ltd. in 2013. Company was in the process of winding down.

Financial Services Commission of Ontario

About the Financial Services Commission of Ontario

The Financial Services Commission of Ontario (FSCO) is a regulatory agency of the Ministry of Finance that regulates insurance, pension plans, loan and trust companies, credit unions, caissses populaires, mortgage brokering, and co-operative corporations in Ontario.

FSCO works with consumers, industry stakeholders and investors to enhance public confidence in, and access to, a fair and efficient financial services industry in Ontario.

For more information on any of these sectors, visit our website, www.fsco.gov.on.ca, or call our Contact Centre at (416) 250-7250, toll-free 1-800-668-0128, TTY toll-free 1-800-387-0584.

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